Exhibit 1: Version 1.6

Texas Department of Information Resources

Data Center Services Request for Offer

Print, Mail, and Digitization (PMD) Services

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Table 1: Terms and Definitions

Term	Definition
Acceptance or Accepted	The determination, in the Department of Information Resources (DIR) or, if applicable, DCS Customers' reasonable discretion and in accordance with the relevant provisions of Article 10 Contract Management, confirmed in writing by DIR or the applicable DCS Customer, that Software, Equipment, Systems, and/or other Deliverables are in Compliance, in accordance with **Master Services Agreement (MSA), Section 8.4.3 Developed Materials Compliance** and the Services Management Manual (SMM) or other criteria agreed to in writing by the Parties.
Acceptance Criteria	The criteria that Successful Respondent must confirm have been met prior to submitting a Deliverable or Milestone for Acceptance by DIR or a DCS Customer. Acceptance Criteria include: (i) any mutually agreed written criteria identified as Acceptance Criteria, (ii) Compliance, (iii) for all Software and System deliverables that process data, such item successfully integrates with all other Services, Software, Equipment, Systems, and other resources and is fully documented such that the anticipated end user can utilize the functionality of such Deliverable in the manner and for the purpose intended and that reasonable knowledgeable professionals can understand, maintain, support, and modify such Deliverable in accordance with its intended use.
Acceptance Review Period	Has the meaning given in Section 10.6 Acceptance Review Period, provided that any provisions of written notice alerting DIR that a Milestone or Deliverable is complete and ready for review that is submitted outside a Business Day shall be considered to be submitted, for the purposes of DIR internal review, on the next Business Day immediately following the day on which such notice was submitted.
ADC	Austin Data Center
ADDF	Application Development Decision Framework – High level information about the ADDF is available at this link: https://pubext.dir.texas.gov/portal/internal/resources/DocumentLibrary/Texas%20ADDF%200Pamphlet.pdf
Administration Services	The act of managing planning, directing, and coordinating supportive services for an activity and/or organization.
Affiliate	With respect to an Entity, any other Entity that directly or indirectly Controls, is Controlled by, or is under common Control with that Entity at the time in question.
Agreement (also Master Services Agreement and MSA and Contract)	The final version of any contractually binding agreement between DIR and the Successful Respondent relating to the subject matter of the RFO; references to the Agreement include all Exhibits, Attachments and other documents attached thereto or incorporated therein by reference. Notwithstanding the foregoing, unless expressly provided or the context otherwise requires, references to the Agreement in conjunction with Section or Article references shall be deemed references to the body of the Agreement.
AIMS	Asset Inventory and Management System.
Allocation of Pool Percentage	The portion of the respective Pool Percentage Available for Allocation that is specified for a Performance Category. The total of all Allocation of Pool Percentages shall not exceed the Pool Percentage Available for Allocation.
API	Application Programming Interface. A set of subroutine definitions, communication protocols, and tools for building software.

Term	Definition
APM	Application Portfolio Management. APM is viewed as a shift from the practice of using a single integrated application for the support of business requirements to using a collection of applications, technologies and services to create a system that addresses the unique requirements of an organization and leverages best-of-breed opportunities.
Appliances	A specialized computing device with pre-integrated and pre-configured hardware and/or software packaged to provide a "turn-key" solution. The computing function in an Appliance, though configurable, is designed by the manufacturer to provide a specific function with little or no support. Computer appliances differ from general purpose computers such as an Application or Infrastructure Server in that they are not designed to be modified. Appliances may be physical or virtual and support a variety of functions.
Applications	All software programs and programming (and all modifications, replacements, Upgrades, enhancements, documentation, materials, media, on-line help documentation and tools related thereto) that perform user or DCS Customer-related information processing functions or support day- to-day operations (including the supporting documentation, media, on- line help facilities, and tutorials), or otherwise used in the provision of Services by Successful Respondent. Applications include all such programs and programming in use or required to be used as of the Commencement Date. Applications also include all such programs and programming developed and/or introduced by or for DIR, any DCS Customer, or Successful Respondent during the Term. Applications do not include the tools, utilities, or Operating Software or Systems Software used to deliver Applications.
Architecture	The design, process, strategies, and specification of the overall structure, logical components, and the logical interrelationships of Equipment and Software, including System Software, a Network, or other reasonably related conception.
Assessment(s) or Assessed	Has the meaning given in Section 9.8.11.7 Security Assessments.
Assessment Notice Date	The date that DIR or the Security Assessment Company, as applicable, provides an Assessment report to Successful Respondent.
Asset Inventory and Management System (AIMS)	An automated, database-driven application used to store, query, and maintain asset inventory information for all assets used in association with the Services, whether the assets are located at DIR Facilities or Successful Respondent Facilities. The AIMS provides an inventory of the IT infrastructure managed by the Successful Respondent.
Assistance Event	(i) Any termination (in whole or in part) under, or the expiration of, the Agreement, or (ii) The discontinuance of the provision of the Services (in whole or in part) in respect of any DCS Customer.
ASU	Angelo State University
At-Risk Amount	For any month during the Term, the percent (%) of the Service Level Invoice Amount, which is the maximum amount that the Successful Respondent will have at risk for Service Level Credits as set forth in **Attachment 1.1 Deliverables**. Each Service Component will have its own At-Risk Amount tied to the corresponding portion of the Service Level Invoice Amount. See the formula in **Attachment 1.1 Deliverables, Section 6.5.**
Audit Period	Has the meaning given in **MSA, Section 4.11.1 Contract Records**.
Authorized Users	Unless otherwise indicated, officers, directors, employees, contractors, agents, customers, and vendors of DIR or any DCS Customer and any other person(s) designated by DIR or any DCS Customer to receive or use the Systems or Services provided by Successful Respondent.

Term	Definition
Availability or Available	The full functionality of a Service Component is ready and accessible for use by the Authorized Users and is not degraded in any material respect.
Bankruptcy Code	Has the meaning given in **MSA, Section 13.5.2 DIR Rights in Event of Bankruptcy Rejection**.
Bankruptcy Rejection	Has the meaning given in **MSA, Section 13.5.2 DIR Rights in Event of Bankruptcy Rejection**.
BAR	Business Analytics and Reporting
BC	Business Continuity.
Business Continuity	The overall enterprise plans and specific activities of each DCS Customer and/or Service Component Provider (SCP) that are intended to enable continued business operations in the event of any unforeseen interruption (e.g., plans and activities to move a department to a new location in the event of a disruption).
Business Day	Each day from Monday through Friday, excluding State holidays, 7:00 a.m. to 5:00 p.m., Local Time. State holidays will include all holidays with the status "All agencies closed." State holidays will not include State optional holidays or holidays that require skeleton crews. For SLAs related to outbound mail Services, Business Day means each day from Monday through Friday, excluding US postal holidays, 7:00 a.m. to 5:00 p.m., Local Time. For SLA reporting purposes, the hours listed in **Attachment 1.3 Service Level Definitions and Performance Analytics** would override the 7:00 a.m. to 5:00 p.m.
Cabling	The physical connection between pieces of equipment that are generally loose, not necessarily permanent and attached to infrastructure (e.g. within racks and cabinets).
Call	A contact (including by telephone, voicemail, electronic mail, fax, automated tool or web request) to Successful Respondent reporting a problem, requesting assistance or Services, or asking a question pertaining to the Services, as well as automated alerts and other problem and Service notifications communicated to Successful Respondent.
CAP Failure Credit	Has the meaning given in Section 6.1.2 Service Level Performance Standards.
CCTV	Closed circuit television.
CDC	Consolidated Data Center (inclusive of both ADC and SDC).
Change Control Procedures	Has the meaning given in **MSA, Section 4.9 Change Control**.
Change Management or Change Management Process	The processes relating to planning and performing all changes in DCS Customer's IT environment pertaining to the Services, including changes to individual components and coordination of changes across all components. The Change Management processes will support and include checkpoints to determine any potential or required Change Control Procedures.
Chargeback	Has the meaning given in **Exhibit 2 Financial Provisions and Pricing**.
Chargeback System	The system for Chargeback as described **Exhibit 2 Financial Provisions and Pricing, Section 2.3**.
Charges	The Monthly Base Charge, Additional Resource Charges and any other amounts payable by DIR to Successful Respondent pursuant to the express terms of the Agreement.
Chronic Incident	A significant disruption of Service or Service performance to the DCS Customer.
CI	Configuration Items; any component part of Services that is (or is to be) under the control of Configuration Management and therefore subject to formal Change Control
CJIS	Criminal Justice Information Services

Term	Definition
Cloud	Shared pools of configurable computer system resources and higher-level services that can be rapidly provisioned with minimal management effort, often over the Internet. Cloud computing relies on sharing of resources to achieve coherence and economies of scale, similar to a public utility.
CMDB	Configuration Management Database is a database used by an organization to store information about hardware and software assets. This database acts as a data warehouse for the organization and also stores information regarding the relationship between its assets.
CMS	Configuration Management System. A system engineering process for establishing and maintaining consistency of a product's performance, functional, and physical attributes with its requirements, design, and operational information throughout its life.
Commencement Date	September 1, 2020, or the date the Parties agree upon, in writing, as the date on which Successful Respondent begins providing the Services to the first DCS Customer.
Commercial Off-The-Shelf (COTS)	Equipment and/or Software, as applicable, that is readily available to the public from a Third Party that is not an Affiliate of a Party.
Compliance and Comply	With respect to Deliverables, fulfilling the requirements of the specifications, the Acceptance Criteria, the Agreement, and all other applicable operational and/or functional requirements.
Component	A grouping of software functionally or a separate software object in the solution that has the ability to "stand alone" or "integrate with other components" as required.
Confidential Information	Has the meaning given in **MSA, Section 6.1.1**.
Configuration Item (CI)	Any component part of Services that is (or is to be) under the control of Configuration Management and therefore subject to formal Change Control.
Configuration Management Database (CMDB)	A System that contains details regarding the Software, Equipment and Systems that are used in the provision and management of the Services, including information that relates to the maintenance, movement and problems experienced with such Software, Equipment and Systems.
Connectivity	The ability to access and exchange data, voice, and/or video electronic impulses between various Infrastructure components and with external sources as approved by DIR and provided to Authorized Users.
Consolidated Data Center(s)	Means the centralized Data Center(s) used by Successful Respondent to provide Services (including the ADC and SDC).
Contract Changes	Has the meaning given in Section 10.1 Contract Changes.
Contract Records	Has the meaning given in **MSA, Section 4.11.1**. **Contract Records.**
Contract Year	Each twelve (12) month period commencing each September and ending each August during the Term. If any Contract Year is less than twelve (12) months ("Stub Period"), the rights and obligations under this Agreement that are calculated on a Contract Year basis will be proportionately adjusted for such shorter period.
Contract	See "Agreement".

Term	Definition
Control, Controlled and Controlling	Means (a) the legal, beneficial, or equitable ownership, directly or indirectly, of (i) at least fifty percent (50%) of the aggregate of all voting equity interests in an Entity, or (ii) equity interests having the right to at least fifty percent (50%) of the profits of an Entity or, in the event of dissolution, to at least fifty percent (50%) of the assets of an Entity; (b) the right to appoint, directly or indirectly, a majority of the board of directors; (c) the right to control, directly or indirectly, the management or direction of the Entity by contract or corporate governance document; or (d) in the case of a partnership, the holding by an Entity (or one of its Affiliates) of the position of sole general partner. For purposes of this Agreement, a Change in Control under **MSA, Section 13.3** occurs if the ultimate parent entity no longer Controls (as described above) Successful Respondent.
Core Security Services	Baselined security controls and settings on systems to meet TAC202 requirements, including: anti-virus and malware scanning and removal; logging of all security events; Connectivity to the Security Operations Services SCP's Security Incident and Event Monitoring (SIEM) system; storage of logs; identity and access management, including integration with the proposed software from the Security Operations Services SCP; background checks; patch, risk, and vulnerability management; intrusion detection and prevention services; certificate management; and physical security of the DCS environments.
Corrective Action Plan or CAP	Has the meaning given in Section 6.1.2 Service Level Performance Standards.
CPU	Central Processing Unit.
CRAC	Computer Room Air Conditioner.
Critical Deliverable	Deliverables that have associated Deliverable Credits payable to DIR in the event Successful Respondent fails to successfully and timely complete such Deliverables as identified in the Agreement. For further clarity, successfulness is measured by whether the Deliverables meet the associated Acceptance Criteria.
Critical Milestone(s)	The event(s) that evidence that progress has been made and that specific action(s) has taken place in the advancement of work. Usually viewed as a significant achievement or attainment of a specific goal or sub-goal.
Critical Service Level	Any Service Level designated as "critical" by DIR, and with respect to which DIR may become entitled to receive Service Level Credits as a result of Successful Respondent's failure to satisfy the associated Service Level standards.
Cross-Functional Services	Those Services performed in connection with performing, and in support of, each of the Services, including those Services described in Article 9 Cross-Functional Services.
CSP	Cloud Service Provider.
Data Quality Management (DQM)	The business processes that ensure the integrity of an organization's data during collection, application (including aggregation), warehousing, and analysis.
DCS	Data Center Services.

Term	Definition
DCS Customer(s), DCS Customer(s) and Eligible Customer(s)	Collectively, any of the following Entities that are designated by DIR to receive Services under the Agreement, whether directly from any DCS Service Component Provider or from DIR through an Interagency, Interlocal, or other agreement: (a) DIR in its capacity as a recipient of Services; (b) any State agency, unit of local government or institution of higher education as defined in Section 2054.003, Texas Government Code, and those State agencies that execute Interagency Agreements with DIR, as authorized by Chapter 771, Texas Government Code; (c) any Texas local government as authorized through the Interlocal Cooperation Act, Chapter 791, Texas Government Code; (d) any other state or governmental Entity of another state, as authorized by Section 2054.0565, Texas Government Code; (e) any other Entity permitted under Law to purchase Services from or through DIR; and (f) other Entities to which the Parties agree. The Parties acknowledge and agree that the definition of eligible DCS Customers is subject to modification by the State Legislature, and that the then-current definition of DCS Customers shall control for all purposes.
DCS Governance Model	Has the meaning given in Article 8 Governance.
DCS Network or Managed DCS Network Services	The DCS Service Component providing Network support and services. It is a DCS Shared Technology Service (STS) that will be provided by an SCP. One (1) of several Service Components comprising the DCS Program.
DCS Prospects	Potential Data Center Services clients.
DCS Security Operations Services (SOS)	The DCS Service Component for Security. It is a DCS STS that will be provided by an SCP. One (1) of several Service Components comprising the DCS Program.
DCS Service Component Provider(s)	Collectively, all Service Component Providers and the MSI.
Deliverable	In accordance with Section 10.2 Deliverables, a vendor-provided tangible item or outcome that DIR reviews and approves at a specified date/frequency during the term of the contract, excluding reports that are managed/monitored through other defined processes. Deliverables may have certain attributes that impact the review and acceptance. The term includes Recurring and One-Time Deliverables.
Deliverable Credits	Has the meaning given in Section 10.10 Deliverables Credits.
Derivative Work	A work based on one or more preexisting works, including a condensation, transformation, translation, modification, expansion, or adaptation, that, if prepared without authorization of the owner of the copyright of such preexisting work, would constitute a copyright infringement under applicable Laws, but excluding the preexisting work.
Designated DIR Representative	Has the meaning given in **MSA, Section 5.1.1 Designated DIR Representative**.
Developed Material(s)	Any Materials or any modifications, enhancements, improvements, Upgrades or Derivative Works of such Materials that are developed pursuant to the Agreement and paid for by DIR or any DCS Customer under the Agreement. Developed Materials does not include any underlying Successful Respondent or Third Party Owned Materials.
Development or Development Environment	The Systems environment in which Software and databases are initially designed and created. DCS Customers may have more than one Development Environment.

Term	Definition
DIR	Department of Information Resources.
DIR Auditors	Has the meaning given in **MSA, Section 4.11.2 Operational Audits**.
DIR Business Days	Means weekdays (Monday through Friday) excluding State of Texas and Federal holidays. The term does not include weekends.
DIR Contractor(s)	Has the meaning as the term is used in **MSA, Article 4 Services**.
DIR Data	Any data or information of or regarding DIR or any DCS Customer that is provided to or obtained by Successful Respondent in connection with the negotiation and execution of the Agreement or the performance of Successful Respondent's obligations under the Agreement, including data and information with respect to the constituency, customer, operations, facilities, products, rates, regulatory compliance, competitors, assets, expenditures, mergers, acquisitions, divestitures, billings, collections, revenues and finances of DIR or any DCS Customer. DIR Data also means any data or information: 1. created, generated, collected or processed by Successful Respondent in the performance of its obligations under the Agreement, including data processing input and output, service level measurements, asset information, Reports, third party service and product agreements, contract charges, and retained expense and Pass-Through Expenses; 2. that resides in or is accessed through Software, Equipment or Systems provided, operated, supported, or used by Successful Respondent in connection with the Services, as well as information derived from this data and information, but excluding the following information to the extent not required to be provided or otherwise made available to DIR under this Agreement, including with in connection with DIR's rights related to Benchmarking, Subcontractors, auditing, Reports, or Termination Assistance Services: financial/accounting information (including costs, expenditures, billings collections, revenues and finances) of Successful Respondent, its Affiliates or Subcontractors; 3. information created by Successful Respondent to measure the productivity and efficiency of the Services and/or to improve the processes and procedures used by in the performance of the Services; 4. human resources and personnel information of Successful Respondent, its Affiliates or Subcontractors; and 5. information with respect to Third Party Contracts or licenses of Successful Respondent, its Affiliates or Subcontractors and used in the performance of the Services. Data or information constituting DIR Data shall not constitute Successful Respondent Confidential Information.
DIR Facilities or DIR Facility	The facilities that are provided by DIR or a DCS Customer for use by Successful Respondent to the extent necessary to provide the Services as well as those DIR, DCS Customer and DIR Contractor locations at or to which Successful Respondent is to provide the Services. DIR Facilities include the Non-Consolidated Service Locations and the Consolidated Data Centers.
DIR Laws	Has the meaning given in **MSA, Section 8.11.4 Notice of Laws**.
DIR Owned Materials	Has the meaning given in **MSA, Section 7.1 DIR Owned and Licensed Materials**.

Term	Definition
DIR Personal Data	That portion of DIR Data that is subject to any Privacy Laws and includes, but is not limited to, information which any DCS Customer discloses that consists of personal Confidential Information or identifies any consumer served by the Texas Health and Human Services Commission or constituent agencies, in accordance with applicable federal and state laws and other applicable rules, including but not limited to the Texas Health and Safety Code and 25 Texas Administrative Code, Chapter 414.
DIR Project Manager	The person or the person's designee identified by DIR as the responsible individual from DIR to manage the project.
DIR Rules	Has the meaning given in **MSA, Section 4.3 DIR Rules/Employee Safety**.
DIR Standards or Standards	Has the meaning given in **MSA, Section 4.9 Change Control**.
DIR-Initiated Financial Dispute	Has the meaning given in **Exhibit 2 Financial and Pricing**, **Section 2.2.4.3.**
Disaster	(1) A sudden, unplanned calamitous event causing great damage or loss; (2) any event that creates an inability on an organizations part to provide critical business functions for some predetermined period of time; (3) in the business environment, any event that creates an inability on an organization's part to provide the critical business functions for some predetermined period of time; (4) the period when company management decides to divert from normal production responses (in total or in part) and exercises its disaster recovery plan; and (5) typically signifies the beginning of a move from a primary to an alternate location.
Disaster Recovery (DR) Services	The process of following specific advance arrangements and procedures in response to a disaster, resumption of the critical business functions within a predetermined period of time, minimizing the amount of loss, and repairing or replacing the damaged facilities as soon as possible. The Disaster Recovery Services include support and coordination with the Business Continuity Services.
Disaster Recovery Plan (DRP)	The plan to execute Disaster Recovery Services.
Downtime	The time that a particular System, Application, Software, Equipment, Network or any other part of the Services is not Available during the Measurement Window.
DR	Disaster Recovery.
DRP	Disaster Recovery Plan.
Earnback	The methodology used to determine the potential return of a Service Level Credit as described in Section 6.6 Earnback.
Effective Date	Has the meaning given in the "Authority to Execute" Section of the Agreement, which is understood to be the day the final party signs the Agreement.
Electronic PHI or ePHI	Has the meaning given in **MSA, Section 6.3 DIR Personal Data**.
Eligible Customer(s)	See DCS Customers.
Entity or Entities	A governmental body, agency, unit or division (including those categories described in the definition of DCS Customer), corporation, partnership, joint venture, trust, limited liability company, limited liability partnership, association, or other organization or entity.

Term	Definition
Equipment	The computer, telecommunications, and facility-related hardware, equipment, and peripherals (and all modifications, replacements, Upgrades, enhancements, documentation, materials, and media related thereto) that are used in connection with the Services provided by Successful Respondent. Equipment includes all such computer, telecommunications, and facility-related hardware, equipment, and peripherals in use or required to be used as of the Commencement Date, including those set forth in the Agreement; those as to which the lease, maintenance, or support costs are included in the Financial Base Case; and those as to which Successful Respondent received reasonable notice and/or access prior to the Commencement Date. Equipment also includes all such computer, telecommunications, and facility-related hardware, equipment, and peripherals purchased or leased by or for DIR, any DCS Customer, or Successful Respondent during the Term.
Equipment Leases	All leasing arrangements whereby DIR, DCS Customers, or any DIR Contractor leases Equipment as of the Commencement Date which shall be used by Successful Respondent to perform the Services after the Commencement Date. Equipment Leases include those leases identified in **Attachment 2.2 Financial Responsibility Matrix**, those as to which the costs are included in the Financial Base Case, and those as to which Successful Respondent received reasonable notice and/or reasonable access prior to the Commencement Date. Equipment Leases also include all such leasing arrangements entered into by or for DIR, DCS Customers, any DIR Contractor, or Service Component Provider (SCP) during the Term.
Escrow Agreement	Has the meaning given in **MSA, Attachment 3 Form of Source Code Escrow**.
Event of Loss	Has the meaning given in **MSA, Attachment 2 Insurance and Risk of Loss**.
Expected Service Level	Means the desired level of performance for a Critical Service Level or Key Measurement, as set forth in **Attachment 1.3, Service Level Definitions**.
Expiration Date	Means the ending date of the Term as used in **MSA, Section 3.2 Extension**.
Extraordinary Event	A circumstance in which an event or discrete set of events has occurred or is planned with respect to the operations of DIR or the DCS Customers that results or shall result in a change in the scope, nature or volume of the Services that DIR or the DCS Customers shall require from Successful Respondent. Examples of the kinds of events that might cause such substantial increases or decreases include the following: (1) changes in locations where the DCS Customers operate; (2) changes in constituencies served by, or activities or operations of, the DCS Customers; (3) privatizations, dispositions, or reorganizations of the DCS Customers; (4) changes in the method of service delivery; (5) changes in the applicable regulatory environment or applicable Laws; and, (6) changes in DIR's or a DCS Customer's policy, technology or processes.
FAQ(s)	Frequently Asked Question. A frequently asked question or list of such questions.
ETL	Extract, Transform, and Load.
Federal Tax Information (FTI)	Any Federal tax information, including without limitation, and tax return-derived information received from the IRS.
FAQ(s)	Frequently Asked Question(s).
FERPA	Family Educational Rights and Privacy Act.
FRA	Fast Recovery Area.
FTE	Full Time Equivalent.
FTI	Federal Tax Information.

Term	Definition
Full Time Equivalent (FTE)	A level of effort, excluding vacation, holidays, training, administrative and other non-productive time (but including a reasonable amount of additional work outside normal business hours), equivalent to that which would be provided by one (1) person working full time for one (1) year. Unless otherwise agreed, one (1) FTE is assumed to be 1,920 productive hours per year. Without DIR's prior written approval, one (1) dedicated individual's total work effort cannot amount to more than one (1) FTE.
Fully Managed Services	Fully Managed Services mean that DIR and its vendor partners work together to provide all the hardware, software, tools, and staff to fully support IT infrastructure.
Governance Model	Has the meaning given in Article 8 DCS Governance Model.
Hardware Service Charge (HSC)	Has the meaning given in **Exhibit 2 Financial Provisions and Pricing, Section 2.3**.
HCI	Hyper Converged Infrastructure. A software-defined IT infrastructure that virtualizes all of the elements of conventional "hardware-defined" systems.
Help Desk	The facilities, associated technologies, and fully trained DCS Customer staff who respond to calls, coordinate all problem and request management activities, and act as a single point of contact for end users.
HIPAA	Health Insurance Portability and Accountability Act.
Historically Underutilized Business(es)	The meaning given to such term by the Texas Comptroller of Public Accounts.
HSC	See Hardware Services Charge.
HUB	Historically Underutilized Business.
I/P/C	Incident, Problem, and Change.
IaaS	Infrastructure as a Service.
IIRIRA	Has the meaning given in **MSA, Section 8.7 Certifications**.
Incident	An event which is not part of the standard operation of a Service and which causes or may cause disruption to or a reduction in the quality of Services and DIR and/or DCS Customer productivity.
Income Tax	Any tax on or measured by the net income of a Party (including taxes on capital, net worth or revenue that are imposed as an alternative to a tax based on net or gross income), or taxes which are of the nature of excess profits tax, minimum tax on tax preferences, alternative minimum tax, accumulated earnings tax, personal holding company tax, capital gains tax, or franchise tax for the privilege of doing business.
Incumbent Personnel	Employees of the Incumbent SCP(s) or their subcontractors providing Services to DIR pursuant to the terms of an MSA by and between DIR and the Incumbent SCP(s).
Incumbent Provider(s) or Incumbent Service Provider(s)	The vendor or their subcontractors providing Services to DIR pursuant to the terms of the MSA by and between DIR and the vendor. Generally speaking, the Incumbent Service Component Provider for DCS is Atos.
Information Technology Infrastructure Library (ITIL)	A world-wide recognized best-practice framework for the management and delivery of IT services throughout their full lifecycle. The primary structure of the requirements in the Statements of Work are based on an ITIL v2 Foundations with ITIL v3 guidance in select functional areas (e.g., Request Management and Fulfillment) with the expectation of migrating towards ITIL v3 progressively as process improvements are incorporated into the Service Management Manual.

Term	Definition
Infrastructure	The entire portfolio of Equipment, System Software, and Network components required for the integrated provision and operation of DIR and DCS Customer's IT Systems and Applications.
In-Scope	Those Services or resources that are the subject of Successful Respondent's obligations under the Agreement.
IRS	Internal Revenue Service. A division of the U.S. Treasury Department responsible for collecting taxes.
ITIL	See Information Technology Infrastructure Library.
ITSCM	IT Service Continuity Management. Aims to manage risks that could impact IT services.
ITSM	Information Technology Service Management. Describes a strategic approach to design, deliver, manage, and improve the use of IT.
Key Personnel	Has the meaning given in Article 5 Additional Work or Reprioritization. DIR may identify new or additional work activities to be performed by Successful Respondent's Personnel (including work activities that would otherwise be treated as New Services) or reprioritize or reset the schedule for existing Projects and other Services to be performed by Successful Respondent Personnel. Unless otherwise agreed, DIR shall incur no additional charges to the extent such work activities can be performed by Personnel then assigned to DIR. The Successful Respondent shall use commercially reasonable efforts to perform such work activities without impacting the established schedule for other tasks or the performance of the Services in accordance with the Service Levels. If it is not possible to avoid such an impact, Successful Respondent shall notify DIR in advance of the anticipated impact and obtain DIR's consent, in writing, prior to proceeding with such work activities. DIR, in its sole discretion, may forego or delay such work activities or temporarily adjust the work to be performed by Successful Respondent, the schedules associated therewith or the Service Levels to permit the performance by the Successful Respondent of such work activities. Successful Respondent Personnel Requirements.
KSL	Key Service Level.
Laws	All federal, state and local laws, statutes, ordinances, regulations, rules, executive orders, circulars, opinions, interpretive letters and other official releases of or by any government, or any authority, department or agency thereof.
Legacy Modernization Guide	The guide created by DIR to provide guidelines, principles, best practices and references for developing a plan to modernize a legacy environment. At the time of the Effective Date, the guide is located at this location: https://pubext.dir.texas.gov/portal/internal/resources/DocumentLibrary/Legacy%20Modernization%20Guide.pdf
Level 1 Support	Support that is provided as the entry point for inquiries or problem reports from Authorized Users. If Level 1 personnel cannot resolve the inquiry or problem, the inquiry or problem is directed to the appropriate Level 2 personnel or a Third Party for resolution.
Level 2 Support	Support that serves as a consolidation point for inquiries and problems. For example, Level 2 Support might exist in a computer operation or a distribution/mail out center. If Level 2 personnel cannot resolve the inquiry or problem, the inquiry or problem is directed to the appropriate personnel or a Third Party for resolution.

Term	Definition
Local Time	Central Standard Time or daylight savings time, as is then prevailing, in Austin, Texas.
Logical Security	Controlling access to information, software, and data by utilizing Operating Software parameters and Applications-level security controls. Logical Security includes logical separation of processors and disk and segregation of reusable storage media.
Losses	All losses, liabilities, damages (including punitive and exemplary damages), fines, penalties, settlements, judgments, interest and claims (including taxes), in each case that a court finally awards to a third party or which are otherwise included in the amount payable to a third party and all related costs and expenses (including reasonable legal fees and disbursements and costs of investigation, litigation, experts, settlement, judgment, interest and penalties), as incurred.
Mainframe Service Component Provider	The DCS SCP who has entered into a contract with DIR for the Mainframe Statement of Work. One (1) of eight (8) Service Components comprising the DCS Program within STS.
Major Incident	The highest category of impact for an Incident. A Major Incident results in significant disruption to business operations.
Malicious Code	(i) Any code, program, or sub-program whose knowing or intended purpose is to damage or interfere with the operation of the computer system containing the code, program or sub-program, or to halt, disable or interfere with the operation of the Software, code, program, or sub-program, itself, or (ii) Any device, method, or token that permits any person to circumvent the normal security of the Software or the system containing the code.
Management Tools	All items used by Successful Respondent to deliver and manage the Services, including but not limited to software products and tools, code, scripts, bots, automation, and any and all methods, processes, inventions, machines, compositions, know-how, and show-how related thereto (and all modifications, replacements, Upgrades, improvements, enhancements, documentation, materials and media related thereto). Management Tools shall include all such products and tools in use or required to be used as of the Commencement Date, including those set forth in **Attachment 1.3 Service Level Definitions and Performance Analytics, Section 2.4**, those as to which the license, maintenance, or support costs are included in the Financial Base Case, and those as to which Successful Respondent received reasonable notice and/or access prior to the Commencement Date. Management Tools also shall include all such products and tools selected and/or developed by or for DIR, any DCS Customer or Successful Respondent during the Term.
Marketplace	A type of e-commerce site where product or service information is provided by multiple third parties, whereas transactions are processed by the marketplace operator.
Materials	All tangible and intangible items and property, including but not limited to code; tools; scripts; bots; automation; formulae; algorithms; processes; process improvements; procedures; designs; concepts; inventions; machines; articles of manufacture; compositions; improvements; methodologies; trade secrets; technology; Software (in both object and source code form); databases; specifications; configurations; any all methods, process, inventions, machines, compositions, know-how, and show-how related thereto; and all records thereof, including documentation, design documents and analyses, interface documentation, studies, tools, plans, models, flow charts, reports and drawings.
MDS	Master Data Services. A Master Data Management product from Microsoft that ships as a part of the Microsoft SQL Server relational database management system. Master Data Services is the SQL Server solution for master data management.

Term	Definition
MDSS or SDS or MSDS	Material Data Safety Sheet, or a Safety Data Sheet, or a Material Safety Data Sheet. A document that lists information relating to occupational safety and health for the use of various substances and products.
Measurement Window	The time during, or frequency by, which a Service Level shall be measured. The Measurement Window will exclude approved scheduled maintenance.
Middleware	Software that facilitates interactions and integration between and among two (2) or more separate Software programs, Systems, or platforms.
MIM	Major Incident Management. The management of a Major Incident which demands a response beyond the routine incident management process.
Minimum Service Level	The minimum level of performance set forth in **Exhibit 1 SOW, Attachment 1.2 Service Level Matrix** with respect to each Service Level.
Monthly Charges	The total Charges invoiced by Successful Respondent in any calendar month for Services (excluding Pass-Through Expenses, Out-of-Pocket Expenses and Service Taxes). See **Exhibit 2 Financial Provisions and Pricing, Section 3.2**.
Monthly Invoice	Has the meaning given in **Exhibit 2 Financial Provisions and Pricing, Section 2.2.1.1.**
Monthly Productive Hours Worked	With respect to any month and any Successful Respondent Personnel, the number of productive hours worked by such Successful Respondent Personnel, excluding non-productive time (e.g., commuting time, vacation, holidays, training unrelated to the Services, education, marketing, administrative staff meetings, medical leave, and military leave).
Multi-sourcing Services Integrator (MSI)	The Service Component Provider who has entered into a contract with DIR for Multi-sourcing Services Integrator services.
MSI Portal	A type of content management web site, password protected to allow secured access to and input of content as required in the Agreement.
Multi-Supplier Environment	Has the meaning given in Section 9.2 Multi-sourcing Services Integration and Cooperation.
N/N-1	The version of Software designated and/or approved by DIR or the applicable governance committee, as the current standard for deployment. N-1 is one (1) release prior to the above-described designated or approved Software version.
NAS	Network Attached Storage.
Network Topology	The arrangement in which the nodes or interfaces to the Network are connected.
New Services	Services requested by DIR, DCS Customers, or required by applicable Laws (without limiting the obligation of the Parties under **MSA, Section 8.11 Compliance with Laws**) (i) that are materially different from the Services, (ii) that require materially different levels of effort or resources from Successful Respondent to provide the Services, and (iii) which are not required for Successful Respondent to meet the Service Levels. For the avoidance of doubt, New Services shall not include (a) increases in the volume of Services for which there is an associated Resource Baseline or charging methodology, or (b) the disaggregation of an existing service from a Functional Service Area.
NIST	National Institute of Standards and Technology.
Noncompliance	Each instance that the Software, Equipment, Systems, or other Deliverable or milestone fails to meet its Acceptance Criteria or is otherwise deficient in DIR's reasonable discretion (in accordance with the SMM or other criteria agreed by the Parties, to the extent applicable).

Term	Definition
Non-consolidated Compute	Includes service locations outside of the DIR CDCs as well as remote sites where break-fix services will also be performed.
Notice of Election	Has the meaning given in **MSA, Section 10.3.1 Notice**.
OEM	Original Equipment Manufacturer.
One-Time Charges	Any Charges that are specified by the Successful Respondent and which are non-recurring and are typically associated with start-up and implementation costs.
One-Time Deliverables	Those Deliverables that are non-recurring that have associated Deliverable Credits payable to DIR in the event Successful Respondent fails to successfully and timely complete such Deliverables.
Operating Agreements (OA)	Has the meaning given in **MSA, Section 4.1 Overview**.
OS	Operating System.
Outage	A condition such that a System, Service, Application System, Equipment or network component is not Available or is substantially not Available and is impacting normal business operations.
Out-of-Pocket Expenses	Reasonable, demonstrable and actual expenses due and payable to a Third Party by Successful Respondent that are approved in advance by DIR and for which Successful Respondent is entitled to be reimbursed by DIR under the Agreement. Out-of-Pocket Expenses shall not include Successful Respondent's overhead costs (or allocations thereof), general and/or administrative expenses or other markups. Out-of-Pocket Expenses shall be calculated at Successful Respondent's actual incremental expense and shall be net of all rebates and allowances.
Party(ies)	Has the meaning given in the recitals to the Agreement.
Pass-Through Expense(s)	The Successful Respondent expenses identified in **Exhibit 2 Financial Provisions and Pricing, Section 3.7** which DIR has agreed to pay directly or reimburse to Successful Respondent on an Out-of-Pocket Expenses basis.
Payment Card Industry Data Security Standards	Has the meaning given in **MSA, Section 6.5.4 Cardholder Data.**
Payment Deliverables	Those Deliverables that have associated payments due to the Successful Respondent after DIR approval of such Deliverables. Payment will be provided in accordance with the Agreement.
PCI DSS	Payment Card Industry Data Security Standard has the meaning given in **MSA, Section 6.5.4 Cardholder Data**.
PDU	Power Distribution Unit.
Penetration Tests	A type of Assessment that tests the vulnerability of Systems to unauthorized external interventions or improper uses.
Performance Category	A grouping of Critical Service Levels or Key Measurements. Critical Deliverables do not constitute a Performance Category.
PII	Personally Identifiable Information. Any data that could potentially identify a specific individual.
Plan	Has the meaning given in **MSA, Section 6.3**.
Portal	The online Internet site providing access and links to Services and other applications.
PPM	Project and Program Management.

Term	Definition
Print-Mail Component Provider	The DCS SCP who has entered into a contract with DIR for the Print-Mail Statement of Work.
Privacy Laws	Laws relating to data privacy or data protection.
Privileged Access	Any accounts that have escalated or administrative privileges. The ability to make back end, network, or OS configuration changes. Example account types: Root, DBA, Administrator.
Problem	An underlying cause of one (1) or more Incidents. A Problem is labeled a "Known Error" when the root cause is known, and a temporary workaround or permanent solution has been identified.
Problem Management	The process of tracking and managing all problems arising in DIR and DCS Customer's IT environment, and resolving those problems arising from or related to the Services.
Production or Production Environment	The system environment in which an organization's data processing is accomplished. This environment contains DCS Customers' business data and has the highest level of security and availability of all environments (includes training and other Production-like environments).
Project Manager (Successful Respondent's)	The person or the person's designee identified by the Successful Respondent as the responsible individual from the Successful Respondent's organization to manage the project.
Project(s)	Means discrete units of work approved by DIR, undertaken to create a unique product or result.
Proposal	Has the meaning given in the preamble to the Agreement.
Protected Health Information (PHI)	Has the meaning given in **MSA, Section 6.3 DIR Personal Data**.
Public Cloud	Computing services offered by third-party providers where scalable and elastic capabilities are provided as a service to customers using Internet technologies.
Public Information Act	Has the meaning given in **MSA, Section 6.1.2 Disclosure of Confidential Information**.
QAT	Quality Assurance Team has the meaning set forth in Section 9.8.16 Project Management.
Quality Assurance (QA)	The actions, planned and performed, to provide confidence that all processes, Systems, Equipment, Software, and components that influence the quality of the Services are working as expected individually and collectively.
RAS	Remote Access Server.
Recovery Point Objective (RPO)	Recovery Point Objective, as designated in Section 3.10.3.2, means the Successful Respondent loses no more than twenty-four (24) hours worth of print, mail, or digital images that had been transmitted to the Successful Respondent for processing.
Recovery Time Objective (RTO)	Recovery Time Objectives, as designated in 3.10.3.2, means the Successful Respondent begins printing, mailing and creating digital images within forty-eight (48) hours after the time DIR declares a disaster.
Recurring Deliverables	Those Deliverables to be provided on a scheduled and recurring basis that have associated Deliverable Credits payable to DIR in the event Successful Respondent fails to successfully and timely complete such Deliverables.
Refresh	The upgrading and/or replacing of Equipment and Software during the Term.
Reports	Has the meaning given in Section 6.4.1 Data and Reports.
Request Management	The process of tracking and managing all requests from Authorized Users arising in DIR's and DCS Customers' IT environment, and resolving those requests arising from or related to the Services.

Term	Definition
Required Consent(s)	The consents (if any) required to be obtained: to assign or transfer to Successful Respondent DIR licensed Third Party Materials, Third Party Contracts, Equipment Leases or Acquired Assets (including related warranties). to grant Successful Respondent the right to use and/or access the DIR licensed Third Party Materials, Third Party Contracts, and DIR Provided Equipment in connection with providing the Services. to grant DIR, the DCS Customers and/or their designee(s) the right to use and/or access the Successful Respondent Owned Materials, Third Party Materials and Equipment acquired, operated, supported, used, or required to be used by Successful Respondent in connection with providing the Services. to assign or transfer to DIR, the DCS Customers and/or their designee(s) any Developed Materials to the extent provided in the Agreement. to assign or transfer to DIR, the DCS Customers and/or their designee(s) Successful Respondent Owned Materials, Third Party Materials, Third Party Contracts, Equipment leases or other rights following the Term to the extent provided in the Agreement. all other consents required from third parties in connection with Successful Respondent's provision of, and DIR's and the DCS Customers' receipt and use of, the Services and Successful Respondent's performance of its obligations hereunder.
Resolution Time	The amount of time between the Start Time for an Incident and the time such Incident is Resolved.
Resolve or Resolution	The restoration of full Service or the completion of the Service Request in a manner acceptable to DIR or the applicable Authorized User in their reasonable discretion. Resolution may include the restoration of full Service by workaround or other alternative means.
Resource Unit (RU)	A measurable device, unit of consumption, or other unit or resource utilization associated with the Services, as described in **Exhibit 2 Financial Provisions and Pricing**, that is used for purposes of calculating Charges.
Resource Unit Category	A category of Resource Units which are measured and with respect to which charging rates or other charging mechanisms apply.
Respondent	A firm, company, entity or individual that responds to the solicitation. Unless the Contract clearly indicates otherwise, all terms and conditions of the Contract that refer to Respondent apply with equal force to Successful Respondent.
Response	Has the meaning given in the recitals of the Agreement.
Response Time	The elapsed time between the time one (1) event occurs such as when a call is placed or received and the time Successful Respondent responds to the event.
Retained Expense(s)	The expense types or amounts retained by DCS Customers as set out in **Exhibit 2 Financial Provisions and Pricing, Section 2.1.1.6**.
Retained Systems and Processes	Those systems and processes of DIR or a DCS Customer for which Successful Respondent has not assumed responsibility under the Agreement (including those provided, managed, operated, supported and/or used on their behalf by DIR Contractors). Retained Systems and Processes include equipment and software associated with such systems and processes.
RFO	Request for Offer,
RMAN	Recovery Manager,
ROM	Rough Order of Magnitude,

Term	Definition
Root Cause Analysis (RCA)	The formal process, specified in the SMM, to be used by Successful Respondent to diagnose the underlying cause of problems at the lowest reasonable level so that effective corrective action can be taken.
RPO	See Recovery Point Objective.
RTO	See Recovery Time Objective.
SAN	Storage Area Network,
SCP(s)	Service Component Provider(s),
SDC	San Angelo Data Center,
Security	Means of safeguarding and controlling access to information, software, and data by utilizing policies, procedures and actions, including operating software parameters and applications-level security controls. Security includes logical separation of processors and disk and segregation of reusable storage media.
Security Assessment Company	Has the meaning given in Section 9.8.11.7 Security Assessments.
Security Plan	Has the meaning given in Section 9.8.11.1 Information Security Management Requirements.
Security Program	Has the meaning given in Section 9.8.11.7 Security Assessments.
Security Software	Has the meaning given in **Exhibit 2 Financial Provisions and Pricing, Attachment 2.2 Financial Responsibility Matrix,** Network Tab.
Server	Any computer that provides shared processing or resources (e.g., Application processing, database, mail, proxy, firewalls, backup capabilities, print, and fax services) to Authorized Users or other computers over the Network. A Server includes associated peripherals (e.g., local storage devices, attachments to centralized storage, monitor, keyboard, pointing device, tape drives, and external disk arrays) and is identified by a unique manufacturer's serial number.
Service(s)	Has the meaning given in **MSA, Article 4 Services**.
Service Component	A single area which is represented with a Statement of Work (SOW) (i.e., Texas Private Cloud, Managed DCS Network, Security Operations Services, etc.).
Service Component Providers (SCPs)	Means, collectively, all Service Component Providers, excluding the MSI, who have entered into an agreement with DIR to provide the services required by one (1) or more Service Component Statement(s) of Work.
Service Delivery Failure	Has the meaning given in Section Service Level Improvement Plans.
Service Desk	The facilities, associated technologies, and fully trained staff who respond to Calls, facilitate all Incident Management, Problem Management, Change and Request Management activities, and act as a single point of contact for coordination and communication to Authorized Users and SCPs in regard to the Services.
Service Level Credit Allocation Percentage	The percentage of the Allocation of Pool Percentage allocated to a Critical Service Level within a Performance Category.
Service Level Credit Start Date	The period beginning ninety (90) days after the Commencement Date wherein Successful Respondent will be liable for Service Level Credit(s) or CAP Failure Credit(s).
Service Level Credits	The monetary amounts that the Successful Respondent shall be obligated to pay to DIR (or apply against Monthly Charges) in the event of Service Level Defaults.
Service Level Default	Occurs when a Minimum Service Level has not been met.

Term	Definition
Service Level Invoice Amount	Charges due and owing for the preceding month, including the Monthly Base Charge and any additional Charges, including, to the extent applicable, any other amounts payable by DIR to Successful Respondent pursuant to the express terms of the Agreement (excluding payments for Transition Milestones Transformation Milestones, and HSC/SSC Charges).
Service Level(s)	Individually and collectively, the quantitative performance standards for the Services set forth in **Attachment 1.2 Service Level Matrix** and in **Attachment 1.3 Service Level Definitions of the Agreement**.
Service Management Manual (SMM)	The management procedures manual for the Services as described in **Attachment 1.4 SMM Content and Organization**.
Service Request (or Request for Service)	A request for information, advice, access, or standard change to an IT service that does not require solution proposal development. Examples of such Service Request include provisioning ID access, password resets, and Service Catalog requests.
Service Taxes	All sales, use, excise, and other similar taxes that are assessed against either Party on the provision of the Services as a whole, or on any particular Service received by DIR or the DCS Customers from SCPs, excluding Income Taxes.
Severity Level	The categorization of a problem associated with the Services based on the potential impact of the problem to DIR and any DCS Customer, as further defined in **Attachment 1.3 Service Level Definitions and Performance Analytics, Section 1.1**.
SLA(s)	Service Level Agreement(s).
SMM	Service Management Manual.
Software	All Materials consisting of software programs and programming (and all modifications, replacements, Upgrades, enhancements, documentation, materials and media related thereto), including Antivirus Software, Application Software, Development Tools, and System Software.
Software Service Charge (SSC)	Has the meaning given in **Exhibit 2 Financial Provisions and Pricing, Section 2.3**.
Solution Request or Request for Solution	A Service Request that requires development of a proposal for DCS Customer approval to fulfill the request.
SOW	Statement of Work.
Specialized Services	Has the meaning given in **MSA, Section 4.10 Access to Specialized Successful Respondent Skills and Resources**.
Specifications	Means, with respect to processes, Software, Equipment, Systems or other contract deliverables to be designed, developed, delivered, integrated, installed, and/or tested by Successful Respondent, the technical, design and/or functional specifications set forth in Third Party Vendor documentation, in a New Services or Project description requested and/or approved by DIR, or otherwise agreed upon in writing by the Parties.
SQL	Structure Query Language.
SRT	Schedules, Retentions, and Targets document.
SSA	Social Security Administration.
SSC	Software Service Charge.
SSMS	SQL Server Management Studio.
Staffing Plan	Has the meaning given in Section 2.5.9 Staffing Plan and Time Commitment.
Standard of Due Care	Then-current accepted industry best practices for network and data security that are employed by members of the Peer Group.

Term	Definition
Start Time	With respect to an Incident or a Call, the time when the Incident ticket is created. With respect to an Outage, the earlier of the time when the Incident is detected or should have been detected (by the applicable monitoring for the System). If more than one (1) ticket is created for the same root cause, the Start Time shall be based on the earliest of the ticket creation times.
State Data Center(s)	The State data center in San Angelo, Texas, or Austin, Texas.
State Legislature	The governmental legislative body of the State.
State or State of Texas	The State of Texas, unless expressly stated otherwise.
Statement(s) of Work (SOW)	Means this document, **Exhibit 1 SOW**, and its attachments and appendices.
Strategic Plans	The plans that may be periodically developed by DIR that set forth DIR's key operational objectives and requirements and outline its strategies for achieving such objectives and requirements. DIR may revise the Strategic Plan from time to time. The Strategic Plan is likely to include both annual and multi-year strategies, objectives, and requirements.
Subcontract	An agreement between the Successful Respondent and their Subcontractor(s).
Subcontractor(s)	Subcontractors (of any tier) of Successful Respondent, including Affiliates of Successful Respondent performing Services under the Agreement pursuant to **MSA, Section 4.12 Subcontractors**.
Successful Respondent	The Party to this Agreement.
Successful Respondent Personnel	Those employees, representatives, contractors, subcontractors, and agents of Successful Respondent and its Subcontractors.
System(s)	An interconnected grouping of manual or electronic processes, including Equipment, Software and associated attachments, features, accessories, peripherals and cabling, and all additions, modifications, substitutions, Upgrades or enhancements to such System. Systems include all Systems in use or required to be used as of the Commencement Date, all additions, modifications, substitutions, Upgrades, or enhancements to such Systems and all Systems installed or developed by or for DIR, the DCS Customers or Successful Respondent during the Term.
Technology Evolution	Any improvement, upgrade, addition, modification, replacement, or enhancement to the standards, policies, practices, processes, procedures, methods, controls, scripts, product information, technologies, architectures, standards, equipment, software, systems, tools, products, transport systems, interfaces and personnel skills available to provide the Services in line with the best practices of first tier leading providers of services that are the same as or similar to the Services. Technology Evolution includes, as relating to such items for such purpose: higher capacity, further scaling and commercializing of processes, more efficient and scalable processes, new versions and types of applications and systems/network software, new operational or IT Infrastructure processes, and new types of hardware and communications equipment that shall enable Successful Respondent to perform the Services more efficiently and effectively as well as enable DIR and the DCS Customers to meet and support their operational requirements and strategies.
Technology Plan	Has the meaning given in Section 4.2. Technology Planning and Optimization Roadmap
Technology Solution Services	The Services detailed in this Agreement.

Term	Definition
Term	The Initial Term and the Renewal Terms, if any, including any period during which Termination Assistance Services are provided by Successful Respondent under the Agreement.
Termination Assistance Services	(i) The Services (including the terminated, insourced, resourced or expired Services, the Services described in **MSA, Section 7.6** of the Agreement and throughout Article 11 of this SOW, and, in each case, any replacements thereof or supplements thereto), to the extent DIR requests such Services during a Termination Assistance Services period; (ii) Successful Respondent's cooperation with DIR, DCS Customers and their designee(s) in the orderly transfer of the Services (or replacement or supplemental services) to DIR, the DCS Customers and/or their designee(s); and (iii) any New Services requested by DIR in order to facilitate the transfer of the Services (or replacement or supplemental services) to DIR, the DCS Customers and/or their designee(s).
Termination Charge	The termination charges payable by DIR as set forth in **MSA, Section 13.10.2 Termination Charges**. The Termination Charge shall be calculated as of the later of (i) the end of the Term (or the date of termination of the applicable Services under the Agreement), and (ii) the satisfactory completion of all Termination Assistance Services.
Texas Data Centers Services (or Data Center Services, DCS)	A program administered by DIR providing Compute and Print/Mail services to eligible DCS Customers.
Third Party Contract(s)	All agreements between Third Parties and DIR, any DCS Customer, or Successful Respondent that have been or shall be used to provide the Services.
Third Party Materials	Materials that are owned by Third Parties and provided under license or lease to Successful Respondent, DIR or any DCS Customer and that have been or shall be used to provide or receive the Services. Third Party Materials shall include Materials owned by Subcontractors (excluding Affiliates of Successful Respondent) and used in the performance of the Services.
Third Party Vendor(s)	A Third Party that provides products or services to any Party that is related to, or is in support of, the Services (e.g., hardware vendors, premier support contracts, etc.). Third Party Vendors do not include Subcontractors.
Third Party(ies)	A legal entity, company, or person(s) that is not a Party to the Agreement and is not an Affiliate of a Party.
Time-critical (regarding Deliverables)	Deliverables with an expedited review period of five (5) Business Days, designated with a "T". This is further detailed in Sections 10.2 Deliverables, 10.6 Acceptance Review Period, and 10.7 Noncompliance.
TQM	Total Quality Management.
TR&R	Technology Refresh and Replenishment.
Transformation Services	The consolidation activities, functions and deliverables, and the implementation of the technology and other process changes, described in the transformation plan.
Transition	Includes all transition activities and deliverables to be completed and provided by Successful Respondent in connection with the migration to Successful Respondent's the Services, and the dates by which each is to be completed by Successful Respondent as further defined in Article 2 PMD Service Transition Services.
Transition and Transformation Charges	Has the meaning given in **Attachment 2.1 Pricing and Volumes**.

Term	Definition
Transition Milestones	Has the meaning given in **Exhibit 2 Financial Provisions and Pricing, Section 3.5.2**.
Transition Plan (also Transition Project Plan)	The plan set forth in Section Transition Project Plan and developed and updated pursuant to Section 2.5.2 Transition Project Plan Critical Deliverable, which identifies all material transition activities and deliverables to be completed and provided by Successful Respondent in connection with the migration to Successful Respondent of the Services, and the dates by which each is to be completed by Successful Respondent.
Transition Services	The transition activities, functions and deliverables described in the Transition Plan and such other tasks as are necessary to enable Successful Respondent to provide the Services.
Transport	A commercial service providing the carriage or transmission of voice, video, or data electronic impulses over a distance.
TRG	Technical Recovery Guide.
TSG	Technology Solutions Group.
TSLAC	Texas State Library and Archives Commission.
TSM	Tivoli Service Manager.
TSS	Technology Solution Services.
Type R Service Levels	Type R Service Levels are related measures shared between the MSI and the SCP(s) as defined in Section Shared and Related Service Levels and Types.
Type U Service Levels	Type U Service Levels are intended to measure Services that are specific to one (1) DCS SCP's performance, and therefore are not shared between DCS SCPs as defined in Section Shared and Related Service Levels and Types.
Unanticipated Change	A material change in the technologies and/or processes available to provide all or any portion of the Services which is outside the normal evolution of technology experienced by the Services, that was not generally available as of the Effective Date and that would materially reduce Successful Respondent's cost of providing the Services.
Upgrade(s)	Updates, patch installations, modifications, renovations, refreshes, enhancements, additions, substitutions and/or new versions or releases of Software or Equipment. For purposes hereof, a workaround or fix to Software or Equipment also constitutes an Upgrade.
UPS	Uninterruptable Power Supply.
Use	To load, access, execute, use, manipulate, practice, process, make, have made, operate, copy, execute, compile, store, purge, reproduce, display, perform, distribute, transmit, receive, modify, maintain, enhance, upgrade, store, create Derivative Works, and exercise any other similar rights; provided however that with respect to Third Party Materials that are Software, unless otherwise permitted under the applicable license agreement, the term "Use" shall not include the right to modify or create Derivative Works.
VESDA	Very Early Smoke Detection Apparatus.
Virtual Data Center (VDC)	Means a logical environment representing a dedicated networking and security configuration for a specific DCS Customer.
VLANs	Virtual Local Area Networks.
VM	Virtual Machine.
VMDK	Virtual Machine Disk.
VOC	Volatile Organic Compound.
VOIP	Voice Over IP
VPN	Virtual Private Network.

Term	Definition
WBS	Work Breakdown Structure.
Wide Area Network (WAN)	A long-haul, high-speed backbone transmission Network, consisting of WAN Equipment, Software, Transport Systems, Interconnect Devices, and Cabling that, and other services as they become available that are used to create, connect, and transmit data, voice and video signals, between or among: (i) LANs, and (ii) other locations that do business with the State and for which DIR is responsible for allowing Connectivity.
Wiring	Wiring that is generally permanent and embedded in the facility. Choices in cost and implementation are often driven by standards for the facility (BICSI or ANSI/TIA or other low-voltage standards specifying such things as plenum or non-plenum, UTP, Cat-6e, etc.). Wiring installation often calls for certifications. Wiring installation often requires physical changes in the building (e.g., boring through walls or flooring) to be done in coordination with the building management.
Work Order	Has the meaning given in the Agreement.
Work Product	(i) All reports and manuals, including Transition Plans, Transformation Plans, business requirements documents, design documents, manuals, training and knowledge transfer materials and documentation, (ii) the Service Management Manual, (iii) Desktop Procedures, and (iv) any literary works and other works of authorship created under the Agreement that express, embody or execute or perform a function, method or process that is specific to the business of DIR or DCS Customers. Work Product includes customized reports, manuals and forms, but not the original unmodified versions used by Successful Respondent as a starting point for creating the customized version.

NOTE: Definitions in this table are applicable to all Exhibits and Attachments making up the Print, Mail, and Digitization (PMD) Services Request for Offer (RFO) and subsequent Contract. Pricing-specific definitions are found in **Exhibit 2 Financial Provisions and Pricing** documents.

1   Business Background and Objectives

1.1   Background and Introduction

(a) Texas Data Center Services' (DCS) Print, Mail, and Digital Output (PMD) Services (collectively: print, mail, courier and digital services) provide the central output function for DCS Customers that depend on PMD services to meet the missions of their agencies.

(b) The DCS program supports a wide range of technology components and platforms across private and public cloud, mainframe, and DCS Customer applications that leverage print and mail services. The State believes that there is an opportunity to leverage capabilities, methods, processes and tools that are mature and available in the high-volume printing, mailing and digital customer output engagement marketplace to drive enterprise value to the State and its DCS Customers.

(c) The Incumbent DCS PMD provider maintains a large installation of print, finishing and mail equipment in the ADC, with overflow capacity staged in other State locations to consistently meet delivery timeframes as volumes exceed capacity. This equipment is provided by the Incumbent provider with periodic technology refresh provisions and includes a State "buy-out" option. The State seeks to maximize its current asset investment and determine where print and mail services should be located to provide the best value to the State. The State also expects Customers to increasingly migrate print and mail needs to digital output over time, thus reducing the need for asset capacity.

1.2   Current Environment

1.2.1   General Reference Information

(a) The PMD Service is a leveraged capability offered to all Shared Technology Services (STS) Customers to satisfy high-volume printing and mailing needs, such as the production of statements, notifications, letters, and other constituent communication.

(b) The PMD Service is currently deployed and managed in its entirety (systems, processes and staff) through the use of the Austin Data Center (ADC) as the primary location to perform PMD Services. The ADC is a consolidated site that currently provides PMD services for multiple DCS Customers. In addition to the ADC, the Services are delivered as specified below at the following DCS Customer locations:

Table 2: DCS Customer Locations

DCS Customer	DCS Customer Site	Services performed at this location
TWC	TWC ANNEX BLDG, 101 East 15th Street Austin, TX 78701	Print, stitching, report distribution within DCS Customer site. These services will be discontinued before Commencement of this SOW.
TDCJ-Admin	Old Admin. (Walls Unit) 815 11th Street Huntsville, TX 77340	Print, report distribution within DCS Customer site NearStar JES Gateway is running on TDCJ Mainframe and an instance of NearStar is running on a PC in the print room.
TDCJ-BOT	BOT 861B I45 North Huntsville, TX 77340	Print, report distribution within DCS Customer site

(c) The Incumbent PMD provider has implemented and operates a print management platform at the ADC that receives print-ready files created by DCS Customers. The print management platform is DataServer, a product of NearStar Inc., for all DCS Customers. Print files are sent to DataServer as part of the DCS Customer's file creation process. For security reasons, TDCJ print files are sent directly to printers located at the TDCJ BOT and Administration locations identified above.

(d) Once print files are received by DataServer, they are catalogued, verified, and processed based on pre-established documented requirements in collaboration with DCS Customers. The requirements for each job reside in a relational database within DataServer known as the "jobs database". DataServer uses the information in the jobs database to determine if print files are delivered back to the DCS Customer or mailed to a constituent of the DCS Customer requesting the job.

(e) Mailed items are presorted to achieve postal discounts and ultimately delivered by the United States Postal Service.

(f) Disaster Recovery currently is performed through MailGard, a PMD disaster recovery service located outside of the State. The MailGard location is redundantly networked to both the ADC and the San Angelo Data Center (SDC). An instance of DataServer is installed and operated at the MailGard facility to meet required disaster recovery timeframes.

(g) Printing and mailing equipment and operational staff required for testing and disaster response are provided by MailGard as is the storage of critical supply items such as forms and envelopes.

(h) Additional details, including current Customers, volumes, make, manufacturer, model, purchase dates, and other specifics are contained in the data room.

1.2.2   Current Data Transmission

(a) The current PMD Service provider supports and operates a print management platform at the ADC that receives print ready files created by DCS Customers. The print management platform is DataServer, a product of NearStar, Inc. (NearStar). For all PMD Service customers except the Texas Department of Criminal Justice (TDCJ), print files are sent to the print management platform (DataServer) as part of the DCS Customer's file creation process. TDCJ print files are sent directly to printers located at the DCJ BOT and Administration locations.

(b) PMD Service Customers create print jobs through regularly scheduled or ad-hoc batch programs that are either server-based or mainframe-based. PMD Service Customer programming staffs create and maintain the batch programs used to produce print jobs.

(c) The current PMD Service supports a variety of transmission capabilities for receiving print-ready files. Some examples are: LPR/LPD, streaming sockets, FTP, directory monitoring, internet printing protocol (IPP), secure socket layer (SSL) LPR/LPD, S390 Parallel Channel/ESCON, and web submission. Mainframe submission via TCP/IP, using IP Printway and FSS module, extracts jobs from JES and transports them via TCP/IP to submit jobs to the production servers within the PMD Service. Physical integrity of files is provided using LPR/LPD printing protocols and the transmission of jobs from each host environment utilizes a negotiation protocol such that the incoming data stream is captured.

(d) Currently supported STS PMD services input methods are JES DataGateway (Mainframe), LPR, and SFTP.

(e) Currently supported STS PMD services input formats are PostScript, PDF, CSV, and LCDS.

(f) TWC and the Texas Department of Motor Vehicles (TxDMV) use mainframe-based batch programs to produce print files. In order to provide a simple and secure method of moving print files to the ADC, these Customers use a NearStar utility called the JES DataGateway.

(g) For server-based applications, LPR and FTP are the most common methods of transferring completed print files from the creating server environment to the ADC. Customers using this procedure either send all files over a secure connection such as CAPNET or encrypt their files before transmission.

(h) The ADC print management platform (NearStar) is always active and accepts all jobs submitted. The print management platform (NearStar) validates every job received in the system. If a job is not defined to NearStar or if an error is detected, the job is placed in error status and the error correction process is followed. The print management platform (NearStar) software processes all error-free jobs it receives.

(i) Once print files are received by the print management platform (DataServer), they are cataloged, verified, and processed based on pre-established criteria documented in collaboration with DCS Customers. The processing criterion for each print file resides in a relational database within the print management platform (DataServer) known as the Jobs Database. The print management platform (DataServer) uses the information in the jobs database to determine how the jobs are to be processed and delivered, whether print files are delivered back to the DCS Customer, mailed to a constituent of a DCS Customer, or delivered digitally. Mailed items are presorted to achieve postal discounts and ultimately delivered by the United States Postal Service.

(j) The print management platform (NearStar) performs the following activities upon receiving a customer print job:

(i)   Logs the date and time received for all print jobs sent to the ADC.

(ii)   Assigns a unique job number to each print job received and prints this job number on the job's banner pages. This job number is used to identify and track the job throughout the print process.

(iii) Opens a job-tracking entry in a job-tracking database for each print job received. This accounting record contains all captured processing information including, but not limited to, date and time received, date and time printed, page counts, and delivery time stamps.

(iv) Evaluates each print job received. If a print job is undefined in jobs database or it contains a file error, it is placed in an error queue for remediation. Key items assessed include, but are not limited to: file imbalance, file corruption, page count validation against job documentation received from DCS Customer, etc.

(v)   Assesses if the job is intended for courier delivery, mailing, or digital image delivery:

    A. If courier delivery job, inventories the job contents, identifies the page count, establishes the job's SLA deadline, builds a delivery banner page for the delivery courier that contains delivery location and a 2-D tracking barcode, and builds an entry in the job tracking delivery database that allows tracking of the job from ADC to the Customer's location.

    B. If mailed job, inventories the job contents, identifies the page and envelope count, establishes the job's SLA deadline, and places three of five inserter barcodes on documents based on agreed barcode specification for each mail job (Barcode specifications are established when each job is set up and tested. All barcode placements are approved by the appropriate DCS Customer), builds a mail run tracking file for each mail job processed (used by the inserter to verify page sequences and ensure the printed output remain in the intended sequence), builds a mail banner based on page and envelope counts (The mail banner page uses information from the jobs database to provide operational information including mailing envelope, stuffers, BRE, and SLA deadlines), sends the corresponding mail run tracking files to the inserter tracking system (DF Works).

    C. If digital image delivery job, inventories the job contents, identifies the page count, establishes the job's SLA deadline, and builds an entry in the job tracking database that allows tracking of the job for digital delivery.

    D. Converts the print files to compiled PostScript to ensure all required resources such as fonts, forms, and logos are sent to the printer or image creator with the job.

    E. Moves the fully processed print-ready file to the appropriate print or digital transmission queue based on information contained in the jobs database.

1.2.3   Current Logical Solution Components

The current Service is based upon a variety of technologies provided by OEM providers such as Xerox (printers), NearStar (operating software) and Pitney Bowes (finishing/mailing) and are as follows:

Table 3: Current Technologies

Element	Description / Function
NearStar: DataServer Print Manager	Centralized print manager for all print files received from DCS Customers.
NearStar: Atom	Accounting and Tracking Operations Management software.
NearStar: Anchor	Address cleansing software
NearStar: Data Doc	Document composition software

Element	Description / Function
Data Input	Used to accept print files from mainframes, servers and workstations using industry standard transmission protocols such as LPR/LPD and SFTP. In addition, JES Gateway is used to move mainframe print files for TxDMV and TWC to the ADC.
Job Data Catalog	Receives jobs and establishes system received time stamps and opens a record in the job tracking database.
Job Database	Database with detail print job information collected by the Successful Respondent in collaboration with DCS Customers.
Job Workflow Module	Contains business rules used to process jobs.
Print to Delivery	Build required banner pages that include delivery point 2-D tracking bar codes then open an entry in the delivery tracking database.
Print to Mail	Inventory all documents and place a barcode on each page. A mail run file is built and pushed to DF Works for use during the insertion process. Banner pages that include SLA commitments and operator instructions (such as mailing envelope used).
Resource Management Module	Centralized management of printer resources such as forms, fonts and signatures.
Operator Interface	User interface used by operators to monitor, prioritize and manage print jobs received from multiple DCS Customers. Displays job attributes and SLA due-out times.
Disaster Recovery (DR) Module	Disaster Recovery Module: Links instances of DataServer into a disaster recovery configuration. This allows for all print jobs received on the primary DataServer to be copied or replicated to the backup system as received. This feature ensures print jobs received prior to a disaster are spooled to the disaster recovery and print file. Recovery only has to be completed from the point of the disaster forward.
XEAR	Accounting software installed on all printers that collects real time job accounting. This data is merged with information from the DataServer job accounting module and used for print chargeback.
DF Works	Pitney Bowes software communicates with the mail inserting equipment to track and document page by page tracking information for all mailed jobs. DF Works receives mail tracking files from DataServer and compares barcodes printed on each page of a print file against the mail tracking file. DF Works creates reports that are used by the insertion operators to ensure each job was correctly processed.
Elixir Design Pro Forms Editor	Used to fulfill requirements for forms design and forms formatting. DCS Customers request changes to existing forms (or creation of new forms) via the MSI ITSM system.
WASP Inventory	Manages inventory of all standard and custom materials through the use of barcodes and barcode readers. This inventory application serves to maintain required available quantities of all materials and tracks against re-order points.

2   PMD Service Transition Services

2.1   Operations Take Over

At Commencement, the Successful Respondent will take over operations from the Incumbent as they exist at that time. The Successful Respondent must have the skills and capabilities to operate the facilities and infrastructure in the state as they are described in Section 2 above. The Transition Plan must articulate the Successful Respondent's approach and schedule to assume current operations as of Commencement as well as any service or infrastructure changes proposed after Commencement. The current infrastructure would be leveraged and replaced through the required refresh cycles in order for DCS Customers to gain full benefit of their financial investment in the current infrastructure.

2.2   General Transition Requirements

(a) The Successful Respondent will be responsible for the migration of supported hardware and software, configuration information, system components, documentation, operational, and related network and security support roles in transitioning from the current contract.

(b) The Successful Respondent shall perform the Transition Services in accordance with the timetable set forth in the Transition Project Plan. Successful Respondent shall assist DIR in connection with DIR's and/or the DCS Customers' evaluation or testing of the deliverables set forth in the Transition Project Plan. Except as otherwise expressly stipulated in the Transition Project Plan (which will appropriately acknowledge that some element of disruption may occur as in any such transition, but shall in all events be minimized), Successful Respondent shall perform the Transition Services in a manner that shall not:

    (i)   Disrupt or have an unnecessary adverse impact on the activities or operations of DIR or the DCS Customers;

    (ii)   degrade the Services then being received by DIR or the DCS Customers; or

    (iii)   disrupt or interfere with the ability of DIR or the DCS Customers to obtain the full benefit of the Services.

(c) Without limiting its obligations or responsibilities, prior to undertaking any transition activity, Successful Respondent shall discuss with DIR, the MSI and the relevant SCPs all known DIR and DCS Customer-specific material risks and shall not proceed with such activity until DIR is satisfied with the plans with regard to such risks (provided that, neither Successful Respondent's disclosure of any such risks to DIR, nor DIR's agreement in Successful Respondent's plans, shall be construed as limiting Successful Respondent's responsibility under this Agreement). Successful Respondent will actively participate in Transition meetings with the MSI and other DCS SCPs.

2.3 Knowledge Transfer

(a) During the period following the Effective Date and prior to the Commencement Date, the Successful Respondent will use its best efforts to acquire the practical skill, knowledge, and expertise from the personnel who are currently providing the Services to prepare for a successful transition to perform those Services. Successful Respondent will accomplish such knowledge transfer, as appropriate, by interviewing personnel currently performing the Services as well as reviewing information, records, and documents related to the provision of the Services. The information to be reviewed to affect the obligations of such knowledge transfer includes:

    (i)   copies of procedures and operations manuals,

    (ii)   relevant system, software and/or hardware information,

    (iii)   a list of third-party suppliers of goods and services which are to be transferred to DIR or Successful Respondent,

    (iv)   key support contact details for third party supplier employees, and

    (v)   information regarding work in progress and associated unresolved faults in progress.

(b) Successful Respondent shall promptly (within one (1) DIR Business Day) notify DIR of any lack of cooperation or assistance on the part of any DCS Customer, DIR Contractor or any third party that impedes or hinders Successful Respondent's efforts to comply with this obligation.

(c) Transition work includes (at a high level):

    (i)   Conducting an orderly Transition.

    (ii)   Establishing all Service processes and responsibilities, including on-boarding of all Service Transition and Steady State Service personnel.

    (iii)   Implementing the entire Service inclusive of all DIR required processes, tools, data sharing, and reporting as required by DIR and within the MSI operating model.

(iv)   Ensuring that the Service is performing to DIR requirements and the Successful Respondent is responsible for the Service in its totality with no requirements or obligations residing elsewhere.

(v)   Completing all required deliverables, milestones and quality standards.

2.4   Transition Management Requirements

(a)   During the Transition period, the Successful Respondent will plan, prepare for, and conduct the migration of Service systems operations.

(b)   The Successful Respondent shall:

(i)   Coordinate with DIR to schedule the installation of any required secure connectivity.

(ii)   Implement processes and controls to prevent disruption of DCS Customers' business operations.

(iii)   Meet with DIR and the MSI and provide updates as to the status of the work involved in Transition at a time and frequency as mutually agreed to in the Transition Project Plan and upon request by DIR or the MSI.

(iv)   Ensure adequate staff are committed to the Transition services across workstreams, including but not limited to one or more dedicated Project Managers.

(v)   Provide sufficient staff, tools and processes to ensure all Services successfully transition from the Incumbent SCP without service degradation to Customers.

(vi)   Ensure other SCPs successfully transition to Successful Respondent's services by Commencement without service degradation to DCS Customers.

(vii)   Develop a detailed Transition Plan including the Successful Respondent's approach to transitioning Services from the Incumbent SCP. The Transition Plan should include, at a minimum, all systems, processes, data (e.g., print configurations, backup print jobs, Incumbent ITSM data) and reporting that is required to transition from the Incumbent SCP.

(viii)   Provide sufficient staffing to accomplish Transition requirements. These staff must be sufficiently trained on the Successful Respondent's contractual requirements and the Successful Respondent's proposed solution prior to commencing Transition activities.

(ix)   Be responsible for all knowledge transfer from the Incumbent SCP.

(x)   Provide project management over all Successful Respondent Service Transition and SCP integration Transition.

(xi)   Provide routine reports and communication on Transition status to DIR, MSI and SCPs, as directed by DIR.

(xii)   Meet with DIR, MSI and SCPs to report on Transition activities, status, issues and risks.

(xiii)   Resolve issues collaboratively with DIR, MSI and SCPs to meet Transition schedule.

(xiv)   Communicate the status of Transition, training, and changes to DIR.

(xv)   Identify all integration points of the Successful Respondent's solution that require existing SCPs to make changes and notifying each SCP of the required changes.

(xvi)   Train SCPs as applicable on the Successful Respondent's Services, systems, and SMM processes, focusing on the changes from the Incumbent provider.

(xvii)   Create a schedule for all SCPs to complete integration changes and ensure the accuracy of those changes.

(xviii)   Manage the integration of transition tasks and schedule.

(xix)   Test the accuracy of all integration points prior to Commencement.

(xx)   Collaborate with SCPs to resolve any identified issues.

(c) DIR, other DCS SCPs, and/or the MSI will:

(i)   Obtain and provide current information, data, and documentation related to the Transition (e.g., Third Party suppliers, Successful Respondent information, facility data, inventory data, existing operational processes and procedures, systems documentation and data, configuration documentation and data), decisions and approvals, within the agreed time periods to the extent it is available and non-proprietary;

(ii)   Establish secure network connections as necessary;

(iii)   Assist the Successful Respondent in identifying, addressing, and resolving deviations from the Transition Plan and any business and technical issues that may impact the Transition; and

(iv)   Develop the Transition meeting schedule (i.e., planning, review, and status) with the Successful Respondent and applicable SCPs, including the frequency and location, and attend such meetings in accordance with the established schedule.

2.5   Transition Project Plan

After Contract execution, the Successful Respondent will deliver an updated Transition Project Plan as a Critical Deliverable.

2.5.1   Transition Project Plan Proposal Requirements

The Successful Respondent shall use the proposed Transition Project Plan to create a consistent and coherent Transition management plan. The Transition Project Plan shall describe how the Successful Respondent will:

(i)   Manage the Project.

(ii)   Guide Project execution.

(iii)   Document planning assumptions and decisions.

(iv)   Work with the MSI to integrate into the MSI's systems.

(v)   Facilitate communication among stakeholders.

(vi)   Define key management review as to content, scope, and schedule.

(vii)   Provide a baseline for progress measurement and Project control.

2.5.2   Transition Project Plan Critical Deliverable

(a) The Successful Respondent must submit and present to DIR a detailed Transition Project Plan for review, feedback, and approval on or before the date set forth in **Attachment 1.1 Deliverables**. The Transition Project Plan must include all phases of the transition for which the Successful Respondent has responsibility, including Deliverables and tasks as well as any tasks and dependencies that may be outside of the Successful Respondent's responsibility but may influence or relate to the Successful Respondent's work and ability to complete work as planned. In addition to maintaining steady-state operational capability, the Successful Respondent shall include any identified security concerns that will be addressed during Transition or any agreed upon Transformation Projects.

(b) After submission of the Critical Deliverable referenced in **Attachment 1.1 Deliverables**, the Successful Respondent must update the Detailed Transition Plan monthly, ensuring that the level of specificity of the plan for a forward rolling six (6) month period is defined to the task and named resource level. As an example, the initial project plan will include details for the first six (6) months and activity/milestone level

(sufficient to track the overall progress of the program) for the anticipated remainder of the transition based on the current understanding of project scope and phasing.

(c) DIR will:

    (i)   Cooperate with the Successful Respondent to assist and support with the completion of the Transition as DIR finds necessary.

    (ii)   Assist the Successful Respondent in managing SCP facing efforts and cooperation with agreed Successful Respondent created roles, responsibilities, plans and requirements.

    (iii)   Approve or reject the completion of each phase of the Transition Plan in accordance with the acceptance criteria after written notice from the Successful Respondent that it considers such phase complete.

2.5.3   Kickoff

The Successful Respondent, in conjunction with DIR staff, the MSI, and other impacted DCS SCPs, must plan and conduct a Project kickoff meeting presentation to the sponsors, key stakeholders, and core project team after the mobilization effort. At a minimum, the presentation must include a high-level overview of the following:

    (i)   Project scope and schedule;

    (ii)   Goals of the Project;

    (iii)   Communications and regular meetings;

    (iv)   Methodology, approach, and tools to achieve the goals;

    (v)   Roles, responsibilities, and team expectations;

    (vi)   Tasks, Deliverables and significant work products; and

    (vii)   Risk, issue, resolution and milestone reporting.

All Successful Respondent project team members will review and understand the Successful Respondent's role and their responsibilities under the Contract. Additionally, all Successful Respondent project team members and DIR and MSI project team members must participate in the kickoff meeting.

2.5.4   Meeting Attendance and Reporting Requirements

(a) The Successful Respondent's project management approach must align with the established Project Management processes documented in the Service Management Manual (SMM) and adhere to the following meeting and reporting requirements, unless otherwise agreed to by DIR:

    (i)   Immediate Reporting - The Project Manager or a designee must immediately report any Project staffing changes to DIR's Project Manager in accordance with Article 5 Successful Respondent Personnel Requirements.

    (ii)   Attend Weekly Status Meetings - The Successful Respondent's Project Manager and applicable Project team members must attend weekly status meetings with DIR's Project Manager and applicable members of the DIR Project team as necessary to discuss Project issues. These weekly meetings must follow an agreed upon agenda which is distributed by the Successful Respondent no later than forty-eight (48) hours before the meeting and allow the Successful Respondent and DIR to discuss any issues that concern them.

    (iii)   Provide Weekly Status Reports - The Successful Respondent must provide written status reports to DIR's Project Manager at least one (1) full Business Day before each weekly status meeting.

(iv) At a minimum, weekly status reports must contain the items identified below:
   A. Updated Transition Project Plan files on electronic media acceptable to DIR;
   B. Status of currently planned tasks - specifically, identifying tasks not on schedule and a resolution plan to return to the planned schedule;
   C. Issues encountered, proposed resolutions and actual resolutions;
   D. The results of any tests;
   E. A Problem Tracking Report must be attached;
   F. Anticipated tasks to be completed in the next week;
   G. Task and Deliverable status, with percentage of completion and time ahead or behind schedule for tasks and milestones;
   H. Proposed changes to the Project work breakdown structure and Project schedule, if any;
   I. Identification of Successful Respondent staff assigned to specific activities;
   J. Planned absence of Successful Respondent staff and the expected return date;
   K. Modification of any known staffing changes; and
   L. System integration/interface activities.

(v) Prepare and Lead Monthly Status Reports – During the Project, the Successful Respondent must submit a written monthly status report to DIR's Project Manager by the fifth (5th) Business Day following the end of each month. At a minimum, monthly status reports must contain the following:

   A. A description of the overall completion status of the Project in terms of the approved Transition Project Plan (schedule and cost, if applicable);
   B. Updated Project work breakdown structure and Project schedule;
   C. The plans for activities scheduled for the next month;
   D. The status of all Deliverables, with percentage of completion;
   E. Time ahead or behind schedule for applicable tasks;
   F. A risk analysis of actual and perceived problems, including recommended remediations and a red, yellow green status indicator;
   G. Testing status and test results; and
   H. Strategic changes to the Transition Project Plan, if any.

(b) The Successful Respondent's proposed format and level of detail for the status report is subject to DIR's approval.

2.5.5 Transition Documentation and Collaboration

The Successful Respondent must use the MSI Portal for document management and team collaboration. This hosted document management and team collaboration capability provides access through internal state networks and secure external connections to all project team members, approved project stakeholders, and participants. In conjunction with the utilization of this tool, the Successful Respondent must:

(i) Structure the document management and collaboration pages and data structures in such a manner as to deliver on the overall requirements of the Project; and

(ii) Load all Service-related documentation, deliverables, reference material and/or configuration documentation onto the MSI's document collaboration tool. The Successful Respondent must confirm with the MSI that all documentation has been provided and is readily available.

2.5.6 Determination of Responsibility (Successful Respondent and Other State Vendors)

The Successful Respondent shall be responsible for:

(i) Failures that are exclusively in the Successful Respondent's area of responsibility, or that are exclusively staffed or performed by Successful Respondent-provided personnel;

(ii) Failures where DCS Services personnel (MSI, SCP, or DIR) are following established Successful Respondent processes where, as a result of issues, defects, omissions, or inconsistencies in these designed and provided processes are shown to be the primary source of the failure;

(iii) Failures where DCS Services personnel (MSI, SCP, or DIR) are not provided processes that are the Successful Respondent's responsibility to design, develop, implement, or document;

(iv) Failures where Successful Respondent Services personnel has an exclusive role or responsibility and is not dependent on DIR resources to complete the tasks associated with the failure;

(v) Failures arising where DCS personnel (MSI, SCP, or DIR) are following the direction of a Successful Respondent resource where that direction is inconsistent with established policies and procedures;

(vi) Failures arising where a DCS resource is performing a role, responsibility, or task that is outside of the established DCS providers' responsibility but within the Successful Respondent's responsibility area on an ad hoc or temporary basis in lieu of a Successful Respondent resource at the request of the Successful Respondent;

(vii) Any failure arising from Successful Respondent personnel not following established State security, privacy or other IT policies;

(viii) Any failure resulting from a subcontractor working for, or at the direction of the Successful Respondent; and

(ix) Failures arising from Successful Respondent-owned equipment or computing devices coincident with providing the in-scope services.

2.5.7 Organizational Change Management

During Transition, the Successful Respondent shall be required to document all functions and technologies of the organization. The Successful Respondent shall be responsible for implementing and training all stakeholders on the following items, which should be documented in the SMM:

(i) Service Operational Processes and Procedures;

(ii) DIR Operations Service Team Change Management and Training; and

(iii) DCS Customer-, MSI-, or DCS SCP- facing equipment, tools, and processes required to satisfy the business, functional, and technical requirements.

2.5.8 Operational Readiness Assessment

The Successful Respondent will assess its readiness to assume operations and maintain the functionality deployed under this Exhibit. The Successful Respondent will recommend strategies as required to ensure DIR, DCS Customers, and DCS SCPs are prepared to support any new system functionality. The Successful Respondent will design the Service as to meet the criteria of the Operational Readiness Assessment Critical Deliverable, as defined in **Attachment 1.1 Deliverables**.

2.5.9   Staffing Plan and Time Commitment

(a) The Successful Respondent shall provide a summary of full time equivalent (FTE) personnel needed for transition of the Services along with Service design and implementation in the Proposal document. Remedies for Transition Failure

(a) In the event that Successful Respondent fails to identify and resolve any problems that may impede or delay the timely completion of each task in the Transition Plan, without prejudice to DIR's other rights and remedies under the Agreement or at law or equity,

(i)   Successful Respondent will provide, at its sole cost and expense, all such additional resources as are necessary to identify and resolve any problems that may impede or delay the timely completion of each task in the Transition Plan, and

(ii)   DIR may equitably reduce the Charges set forth in **Exhibit 2 Financial Provisions and Pricing** in an amount estimated by DIR to account for the Services that DIR and/or the DCS Customers are not receiving or did not receive.

(b) Successful Respondent represents and warrants to DIR that, as of the Commencement Date, it is ready to commence performing the Services in accordance with the terms of this Agreement, including with respect to pricing, applicable Service Levels and other performance obligations. In the event that such representation and warranty is not true and correct, Successful Respondent will reimburse DIR for any costs or expenses incurred by DIR as a result of the failure of such representation and warranty to be true and correct. In the event that Successful Respondent is required to perform any Transition activities following the Effective Date, Successful Respondent will complete such activities at its own cost and expense and in such a manner so as to not materially disrupt or cause any material adverse impact on DIR's operations or activities unless otherwise agreed to with DIR.

3   Print, Mail, and Digital Output: Steady State Run Services

Customers may select the following service combinations:

(i)   Print only
(ii)   Print and mail
(iii) Digital Image only (print suppression)
(iv)   Print, mail and digital image

3.1   General Requirements

DIR has designed its operating model to leverage an MSI which currently operates on an ITIL-based platform with specific tools and processes that all SCPs are expected to use, to the extent practical. Requirements related to these cross-functional processes and components are detailed in Article 9 Cross-Functional Services. To the extent Respondent's service delivery model does not align with ITIL framework, it is expected that Respondents will provide sufficient explanation for the reason for Respondents' departure from excepted ITIL practices and standards

3.2   Print Services

(a) Print supports a wide breadth of output and distribution business operations needs using consistent, cost-effective and accurate processes. Print uses a variety of Equipment to create high-speed production print output. The Successful Respondent shall assume responsibility for all print/media operations services.

(b) Successful Respondent shall provide a Service that includes, at a minimum:

3.2.1   Operations

(a) Successful Respondent will receive Print Document Files from DCS Customers or Third Parties via file transfer methods designated in the Service Management Manual on a continuous basis.

(b) Successful Respondent shall provide a Service that includes, at a minimum:

(i)	Support, maintain, and coordinate all print activities associated with the Services.
(ii)	Acknowledging receipt of Print Document Files by electronic confirmation of successful file transmissions to DCS Customers as required by the DCS Customer.
(iii)	Confirming the physical integrity of the file, file layout and content layout; provided. DIR and, DCS Customer acknowledging that Successful Respondent is not responsible for confirming the integrity of the content or performing data validation.
(iv)	Immediately notifying the originator when the transmission of the Print Document File is not correctly transmitted, as set forth in the Service Management Manual (SMM).
(v)	Scheduling a properly staffed print operation so as to meet business needs and the Service Levels as set forth in **Attachment 1.2**.
(vi)	Assigning jobs to the printers according to established procedures and job priorities, as documented in the SMM.
(vii)	Producing print output on time and in accordance with the SMM.
(viii)	Managing print queues, controlling report distribution, logging completed reports, and performing quality control functions as necessary.
(ix)	Identifying and reporting reprints, including the cause of each reprint to DCS Customers; where reprints involve secure documents, obtaining approval from authorized users for reprints per the Service Management Manual and Customer run books.
(x)	Destroying and documenting the destruction of original documents which have been reprinted per the security guidelines in the Service Management Manual where such documents are still in the Successful Respondent's control.
(xi)	Performing distribution functions, including stripping, bursting, decollating, and packaging of printed output for distribution.
(xii)	Providing services to saddle stitch or cut print output.
(xiii)	Separating all output and properly distributing it to the outbound mail operation or other destination within the required time frame.
(xiv)	Managing, controlling and securing the use of other specialized computer forms associated with specific applications in the print queue.
(xv)	Managing, controlling and securing the use of digitized signatures in accordance with the Service Management Manual.
(xvi)	Delivering output per production schedule in accordance with the Service Management Manual and Customer run books.
(xvii)	Employing Software to overlay a control line as appropriate on secure documents for balancing and auditing purposes as required.
(xviii)	Employing Software to record control information on a flat file that is used for auditing batches as required. Implementing manual verification procedures when Software use is not possible.

(xix) Operating laser and impact printers for custom forms, multi-part forms, labels, standard form sizes and form sizes in excess of A3, A4, and A5.

(xx) Providing print and merge outputs for the high-speed printers utilizing a print director tool.

(xxi) Operating printing Equipment and associated devices.

(xxii) Operating a MICR Printer required for Warrants (checks) and scanned forms.

(xxiii) Providing daily volume image reports and daily production job logs to DCS Customer.

(xxiv) Coordinate and manage external print/media operations services by Successful Respondent subcontractors or Third-Parties.

3.2.2 Technical Services

Successful Respondent shall provide a Service that includes, at a minimum:

(i) Schedule and provide preventive maintenance on all Equipment based on reviews, analysis of Equipment performance records, and original Equipment manufacturer (OEM) recommendations.

(ii) Review all software patches identified by OEM manufacturers. The Successful Respondent will further monitor and analyze these reported problems against the environments supporting the Service, and if applicable, the Successful Respondent will plan collaboratively with each affected DCS Customer on applying patches, updates or upgrades in accordance with Change Management procedures.

(iii) Ensuring all hardware and software is supported by the OEM provider, and prior to any "out of support" or "end-of-life" situation, notify DIR to seek a technical refresh for such Service elements.

(iv) Providing emergency delivery of parts on a 24 x 7 basis through OEM.

(v) Providing training to equipment operators on how to operate Equipment.

(vi) Configuring Equipment to operate on the DCS data network.

3.2.3 Quality Functions

Successful Respondent shall provide a Service that includes, at a minimum:

(i) Performing quality control checks on all printed outputs, including the proper loading of all custom forms.

(ii) Interfacing with Authorized Users, allowing them to perform their quality control functions for designated jobs. This may include providing paper samples prior to printing or electronic view of documents before printing.

(iii) Spot-checking lines on MICR for accuracy to confirm compliance with bank specifications and scanner requirements.

(iv) Ensuring commingled jobs are merged properly.

(v) Performing alignment requirements on custom print for bank and scanner specifications.

3.2.4 Forms Design

Successful Respondent shall provide a Service that includes, at a minimum:

(i) Performing form design (e.g., electronic forms, templates) collaboratively with DCS Customers as required and in accordance with each DCS Customer's requirements.

(ii)   Identifying and correcting incidents and problems on printed outputs that relate with forms and fonts.

(iii)   Interfacing with appropriate DCS Customer personnel for sign-off approval of any new forms designed by the Successful Respondent or Third Party Vendors for printing of hard-copy forms.

(iv)   Incorporate approved designs in print workflow and ensure proper integration into production print routines.

(v)   Maintain a configuration library of electronic forms using an industry standard configuration management product including version control.

(vi)   Ensure integration of the configuration library in a central repository.

(vii)   Interfacing with appropriate DCS Customer personnel for creation and authorization for use of digitized signatures.

(viii) Coordinating the distribution of forms.

3.2.5   Forms Formatting

(a) Forms formats shall be defined through configurable templates, to support "raw-data" formats.

(b) Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Supporting the flexible inclusion of "in form" messages and inserts.

(ii)   Provide programming for the creation of printed output from print files generated by DCS Customers.

(iii)   Providing support for multiple media fulfillment, including paper, email, and other electronic means.

(iv)   Supporting the presentation of a representation of the form over the web in compliance with security requirements defined in the SMM. The web-presentation of the form should have the same "look and feel" as the normal printed form.

(v)   Providing the capability to support either in-house or outsourced fulfillment, including data output controls.

(vi)   Define and document all forms standards and limitations in the SMM for Customers.

3.2.6   Forms Software Support

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Installing and upgrading forms Software. The appropriate change request or formal notification to the DCS Customer should include a regression test provided by the DCS Customer.

(ii)   Development and maintenance of scripts or programs necessary to process DCS Customer files.

(iii)   Maintaining a forms control library that is integrated with the CMDB.

(iv)   Loading forms to printers.

(v)   Assisting and advising Customer application development staff or other DCS SCP.

3.2.7   Formatting and Job Processing

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Providing the capability to configure multiple output formats, based on attributes such as job-source (e.g., client desktop, server or mainframe application), job-type (e.g., on demand, batch file, client batch), etc.

(ii)   Supporting various delivery mechanisms, including file-based interfaces.

(iii)   Supporting configuration of job delivery schedules and job-type.

(iv)   Providing a full audit trail of all job-records (i.e., meta data and tracking for the job) delivered to a component of the solution.

3.2.8   Barcoding and Tracking Services

DCS Customers currently make extensive use of bar codes for insertion. The Successful Respondent shall:

(i)   As part of the Service, be responsible for continuance of three (3) types of bar codes:

   A.   Insertion barcodes on each sheet printed and used to track that all sheets go into the correct envelopes in the correct order

   B.   Intelligent Mail Barcodes (IMB) sprayed on the outside of envelopes to facilitate sorting and distribution

   C.   Courier delivery tracking barcodes used to track the time when print jobs are delivered to customer locations

(ii)   Support the IMBs currently in use whether being generated as part of the job set up or sprayed on after the mailing address is read as part of the pre-sort process.

(iii)   For print jobs that are subject to regularly scheduled courier delivery, set up to print a bar code on the header and trailer page that the courier scans in conjunction with a delivery location bar code at the time of delivery.

(iv)   Identify jobs that do not have barcodes and work with the customer to adjust the forms to allow bar coding or work with the customer to eliminate obstacles that prevent barcoding.

(v)   As part of the barcoding solution, the Respondent will include process and technology solutions to read bar codes (as a quality check) as to result in fewer quality misses and ensure that the delivery address bar codes that cannot be read are be pulled from production for re-work before mailing.

3.3   Paper and Custom Forms

Successful Respondent shall provide a Service that provides both paper and custom forms including, at a minimum:

(i)   Managing and/or coordinating with all Third Party Vendors and other DCS SCPs associated with the Services.

(ii)   Providing regular backup of printer specific softcopy material, including laser forms, fonts, and signatures for disaster recovery purposes.

(iii)   Ordering and maintaining inventory for all paper forms and supplies needed to accomplish the Services.

(iv)   Managing and controlling other specialized computer forms or stock associated with specific applications

(v)   Tracking and reporting paper and forms usage and volumes for DCS Customers on a weekly basis or ad hoc as requested by DIR or DCS Customers.

(vi)   Providing test support for new or changed applications stock (e.g., warrants or paper ID card stock, title stock) for compatibility with standards and technical environments.

(vii) Processing Customer-requested Custom Forms as documented in the SMM.

3.3.1 DCS Customer Drop Window

(a) The Successful Respondent will enable DCS Customer pick-up as an optional delivery channel at no additional cost.

(b) The Successful Respondent will:

(i) As jobs are completed, ensure that they are placed in secure bins for retrieval by Customers. Document the time the jobs are placed in the bin.

(ii) Notify the Customer the job is ready for pick up.

(iii) Work with MSI to develop procedures to approve and maintain Authorized Users list to allow Customers to pick-up output directly from PMD facilities.

(iv) As the jobs are prepared to be transferred to Authorized User, perform an "exit scan" including Customer signoff with location pick-up and timestamp, to capture report(s) delivery information.

3.4 Outbound Mail Services

3.4.1 Presort

Successful Respondent shall provide a Service that includes, at a minimum:

(i) Using United States Postal Service (USPS) certified Software packaging, compatible with delivery point validation requirements of USPS, to validate/cleanse addresses in order to obtain maximum postage rate discounts on mail in the appropriate state. This package must be available for use by applications that create mailing addresses for printed output being directed to the US Postal Service.

(ii) In accordance with the procedures defined in the SMM, performing any necessary Presorting to optimize postal discounts.

(iii) Utilizing the services of Presort Third Party Vendors where necessary to maximize postal discounts.

(iv) Guarantee three (3) -digit pre-sort postage rates on all mail that meets the presort requirements defined by the US Post Office's Domestic Mail Manual requirements. Where mail volume meets minimum requirements for five (5) -digit pre-sort postage rates, provide five (5) -digit postage.

3.4.2 Mailing Insertions

Successful Respondent shall provide two (2) mailing insertions services: Standard and Basic.

3.4.2.1 Standard Mailing Insertions

There are three (3) types of standard mailing insertions:

(i) Standard Mailing Insertions - Standard – A mailing insertion that uses a non-customized two window envelope provided by the Successful Respondent. The standard envelope is Standard #10.

(ii)   Standard Mailing Insertions – SCP Customized – A mailing insertion that requires the use of a customized envelope provided by the Successful Respondent. The SCP provided envelope is Standard #10.

(iii)   Standard Mailing Insertions - Custom – A mailing insertion that requires the use of a DCS Customer provided envelope without regard to envelope size.

3.4.2.2   Mailing Insertions (Basic Service)

Basic mailing insertion services includes Security and Disaster Recovery services. Other print and mail requirements apply as outlined in **Exhibit 2 Financial Provisions and Pricing, Section 4.18 Mailing Insertions (Basic Service)**. There are three (3) types of basic mailing insertions:

(i)   Basic Mailing Insertions - Standard – A mailing insertion that uses a non-customized two window envelope provided by the Successful Respondent. The standard envelope is Standard #10.

(ii)   Basic Mailing Insertions – SCP Customized – A mailing insertion that requires the use of a customized envelope provided by the Successful Respondent. The SCP provided envelope is Standard #10.

(iii) Basic Mailing Insertions - Custom – A mailing insertion that requires the use of a DCS Customer provided envelope without regard to envelope size.

3.4.3   Production Control

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Providing production turnaround and mailing of all documents received during each process period in accordance with the turnaround target timeframes in the Service Management Manual and Customer run books.

(ii)   Meet outbound mail timeframes as documented in the SMM.

(iii) Define and document in the SMM definitions for outbound mail timeframes, such as business day, next day, same day, etc.

3.4.4   Quality Control

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Utilizing an active quality control process throughout the entire production flow to provide a high level of quality output and the ability to provide required reports as defined in **Appendix A Reports**.

(ii)   Troubleshooting and resolving all quality issues in a timely manner through the Incident and Problem Management Processes. Where a work around or modified solutions are required, submit Requests for Change through the Change Management process.

(iii) Entering production and quality data into databases for tracking and reporting to DIR and DCS Customers.

(iv)   Filing and storing daily quality checklists for all production areas for a period as required by regulations after date of occurrence for DIR and DCS Customer auditing purposes.

(v)   Making reports available to DIR, DCS Customers or DIR Auditors for scheduled and unscheduled quality audits.

(vi)   Analyzing and reporting data for process improvements, forecasting, quality assurance, and root cause detection.

(vii)   Managing quality assurance functions, as needed, for all changes and enhancements to the outbound mail processes.

(viii)   Verifying print quality and completeness of the file; provided, DIR acknowledges that Successful Respondent is not responsible for verifying the content or quality of the data.

(ix)   Performing quality control checks of output from the Equipment to meet requirements (e.g., address readable in window, insert folded material properly, postmark readable, and correct sheet(s) insertion).

(x)   Administering and performing all quality control checks in accordance with the Service Management Manual and Customer run books.

(xi)   Provide the capability to remove items specified by the DCS Customer or the quality control team prior to mailing.

(xii)   Ensure that all finished Production mail has been placed in trays and mail bins to be released to the pre-sort vendor or delivered directly to the post office.

3.4.5   Operations

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Participating in regularly scheduled DCS Customer review meetings.

(ii)   Managing workflow.

(iii)   Ordering and maintaining inventory for all custom print stock, envelopes, inserts, laser labels and stuffers needed to accomplish the Services.
   A.   Coordinate ordering of custom print stock and custom envelopes through DCS Customers.
   B.   Coordinate and maintain inventory and order levels for DCS Customers.

(iv)   Procuring and maintaining a sufficient stock of standard paper and standard envelopes.

(v)   Coordinating standards (e.g. 20# white paper roll stock, 8.5"x11" cut stock, #10 two window envelope) and ensure such standards are updated to the Service Management Manual and Customer run books.

(vi)   Should Successful Respondent discover a conflict between these promulgated standards and USPS requirements, Successful Respondent shall create an incident in the MSI ITSM system specifying the variance with USPS standards and lead the situation to complete resolution.

(vii)   Processing manual or automated exceptions.

(viii)   Preparing output for distribution and routing.

(ix)   Routing output for manual assembly, automated mailing, and/or distribution.

(x)   Operating automated mailing devices and inserters.

(xi)   Where required by DCS Customers, providing or coordinating services (e.g. courier, common carrier, customer pick up) for delivery of output media to designated locations (e.g. DCS Customer drop boxes).

(xii)   Providing accurate, timely processing, and mailing in accordance with the Service Management Manual and Customer run books.

(xiii)   Performing manual inserting operations for all required documents (e.g. oversized, booklets, stuffers and reports).

(xiv)   Providing set up, scheduling and operation of automated report distribution software.

(xv)   Analyzing hardcopy reports and making recommendations to DIR and DCS Customers for conversion to softcopy distribution.

3.4.6   Equipment (including Automated Mailing/Inserters, Envelope Labelers, Folders, etc.)

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Identifying problems with inserting Equipment and Software; opening an Incident through the Incident Management Process and interfacing with technical support as required.

(ii)   Managing Third Party Vendors for Equipment and associated Software repairs to provide sufficient capacity to accomplish the production demand.

(iii)   Scheduling preventive maintenance on Equipment based upon reviews, analysis of Equipment performance records, and original equipment manufacturer recommendations.

3.4.7   Manual and Production Output Processing

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Coordinating, collating, inserting, verifying materials against reports, sorting, auditing, and cross-checking of outputs.

(ii)   Preparing output (e.g., tray/bucket envelopes) for distribution and routing.

(iii)   Manually pulling selected documents or envelopes for Customer review prior to completing the job. These requirements are defined by the Customer by job and documented in the SMM.

3.4.8   Address Services

The Successful Respondent shall provide:

(i)   Householding services to merge mail documents into the same envelope based on Customer-specified matches of the mail recipient name and address, if the DCS Customer requests. This service is to be provided at no additional cost.

(ii)   Address cleansing. Customers may request the Successful Respondent to identify invalid addresses on mail pieces prior to those pieces being printed.

(iii)   Fast Forward Addressing: Customers may request the Successful Respondent to access the National Change of Address (NCOA) system to update an address on a mail piece as it is processing through the mail system.

3.4.9   Account Management

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Interfacing with DIR regarding costing and chargeback as it relates to validated cost centers and cost center sub-accounts provided by DCS Customers.

(ii)   Coordinating and monitoring start-up and changes to production activities.

(iii)   Participating in testing, implementation, and post-implementation reviews for new and major revisions to all job functions.

(iv)   Creating and publishing outbound mail production schedules.

3.4.10   Postage Management Services

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Managing postage meters and permits for outbound mail functions.

(ii)   Providing for direct billing of postage for designated federal programs.

(iii)   Preparing postage reports by Customer and job and posting to the MSI's Portal.

(iv)   Providing postage reconciliation reports for each print mail Customer showing summary and detail level information on postage used by day by job. The summary information must include beginning and ending postage account balances and any interest earned by customer account, meter, or permit used.

(v)   Providing Customer advance notification when postage accounts require additional funding. Ensure secure funds transfer process is established and followed. Document and report status of postage funds to Customers and DIR.

(vi)   Providing minimum 3-digit presort postage rate discount unless otherwise approved by the Customer on a case-by-case basis, as documented in the SMM.

(vii)   Providing 5-digit presort postage rate discount on jobs with sufficient volume to qualify for the discounted postage rate, identified in advance and documented in the SMM.

(viii) Document in the SMM and Customer run books all postage requirements, standards and processes.

(ix)   Validate postage reconciliation process and reporting.

3.4.11 Administrative Support Services

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Designing and implementing approved processes in the outbound mail operation in accordance with the SMM.

(ii)   Documenting job procedures for outbound mail operations in the SMM.

(iii)   Performing audits of outbound mail processes.

(iv)   Recording and maintaining schedule tracking details and production volumes to allow for reporting as necessary.

(v)   Maintaining sufficient outbound mail supplies inventory to meet target turnaround timeframes and SLAs.

(vi)   Producing and distributing requested reports, including the ability to provide analytical reports to support the administrative, operational, or technical requirements.

(vii)   Advising DIR on Equipment and technology investments related to outbound mail services.

(viii) Providing subject matter expertise regarding assembly, outbound mail procedures and USPS compliance.

(ix)   Providing functional subject matter expertise on print/mail/digital business applications.

(x)   Proactively monitoring, ordering, maintaining, and storing appropriate level of support materials and office supplies, on the production floor and readily accessible, as needed to deliver the Services.

(xi)   Providing test support for new or changed applications, stock, and procedures for compatibility with standards and technical environments.

3.5 Digital Image Services

3.5.1 Operations

(a) Successful Respondent will receive Digital Output Document Files from DCS Customers or Third Parties via file transfer methods designated in the Service Management Manual on a continuous basis.

(b) Successful Respondent shall provide a Service that includes at a minimum:

    (i)   Support, maintain, and coordinate all Digital Output activities associated with the Services.

    (ii)   Acknowledging receipt of Digital Output Document Files by electronic confirmation of successful file transmissions to DCS Customers as required by the DCS Customer.

    (iii)   Confirming the physical integrity of the file, file layout, and content layout; provided, DIR and, DCS Customer acknowledging that Successful Respondent is not responsible for confirming the integrity of the content or performing data validation.

    (iv)   Immediately notifying the originator when the transmission of the Digital Output Document File is not correctly transmitted, as set forth in the SMM.

    (v)   Producing digital output on time and in accordance with the SMM.

    (vi)   Managing digital output queues, controlling report distribution, logging completed reports, and performing quality control functions as necessary.

    (vii)   Managing, controlling and securing the use of digitized signatures in accordance with the SMM.

    (viii)   Delivering digital output per production schedule in accordance with the SMM.

    (ix)   Providing daily volume reports and daily production job logs to DCS Customer.

3.5.2   Quality Functions

Successful Respondent shall provide a Service that includes, at a minimum:

    (i)   Performing quality control checks on all digital outputs.

    (ii)   Interfacing with Authorized Users, allowing them to perform their quality control functions for designated jobs.

3.5.3   Forms Design

Successful Respondent shall provide a Service that includes, at a minimum:

    (i)   Performing form design (e.g. electronic forms, templates) collaboratively with DCS Customers as required and in accordance with each DCS Customer's requirements.

    (ii)   Identifying and correcting incidents and problems on digital outputs that relate with forms and fonts.

    (iii)   Interfacing with appropriate DCS Customer personnel for sign-off approval of any new forms designed by the Successful Respondent or Third-Party Vendors.

    (iv)   Maintain a configuration library of electronic forms, including version control, using an industry standard configuration central repository.

    (v)   Ensure integration of the configuration library in a central repository.

    (vi)   Interfacing with appropriate DCS Customer personnel for creation and authorization for use of digitized signatures.

3.5.4   Forms Formatting

(a) Forms formats shall be defined through configurable templates, to support "raw-data" formats.

(b) Successful Respondent shall provide a Service that includes, at a minimum:

    (i)   Supporting the flexible inclusion of "in form" messages and inserts.

(ii)   Provide programming for the creation of printed output from print files generated by DCS Customers.

(iii)   Providing support for multiple media fulfillment, including paper, email, and other electronic means.

(iv)   Supporting the presentation of a representation of the form over the web in compliance with security requirements defined in the Service Management Manual and Customer run books. The web-presentation of the form should have the same "look and feel" as the normal printed form.

(v)   Providing forms images that can be used for both viewing and reprinting. Reprints of originals requested by DCS Customers must be clearly marked as "copy" documents.

(vi)   Define and document all forms standards and limitations in the SMM for Customers.

3.5.5   Digital Image Software Support

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Installing and upgrading required Software. The appropriate change request or formal notification to the DCS Customer should include a regression test provided by the DCS Customer.

(ii)   Development and maintenance of scripts or programs necessary to process DCS Customer files.

(iii)   Maintaining a forms control library in a central repository.

(iv)   Assisting and advising Customer application development staff or other DCS SCP.

3.5.6   Formatting and Job Processing

Successful Respondent shall provide a Service that includes, at a minimum:

(i)   Providing the capability to configure multiple output formats, based on attributes such as job-source (e.g. client desktop, server or mainframe application), job-type (e.g. on demand, batch file, client batch), etc.

(ii)   Supporting various delivery mechanisms, including file-based interfaces.

(iii)   Supporting configuration of job delivery schedules and job-type.

(iv)   Providing a full audit trail of all job-records (i.e. meta data and tracking for the job) delivered to a component of the solution.

3.6   Print & Mail Overflow Services

Print and mail volume can fluctuate significantly without sufficient notice to increase capacity. Therefore, Successful Respondent shall provide secondary print and mail location services to handle seasonal, annual or unexpected volumes within the delivery time frames.

3.7   Other Services

Customers may select any of the following additional services as part of this offering:

(i)   Courier Services (Austin region);

(ii)   TDCJ Regional Print Services;

(iii)   Postal Delivery Status;

(iv)   Postal Delivery Certification; and

(v)   Fast forward address services (access to the National Change of Address (NCOA) system).

3.7.1   Courier Services

(a) For Austin region Print jobs that do not require mailing, the Successful Respondent will courier services to distribute the print jobs to DCS Customer locations if the DCS Customer purchases. If the Customer does not purchase Courier delivery, the Successful Respondent will provide for Customer pick up at the ADC.

(b) The Successful Respondent will:

(i)   Ensure that as jobs are completed that they are placed in secure bins for retrieval by delivery drivers or for Customer pick up.

(ii)   Perform an "exit scan" in which the operator packages up the jobs for a given delivery location that includes each individual job or report to be delivered as jobs are prepared to be delivered or picked up.

(iii)   Create delivery or pick up manifests for all packages.

(iv)   Scan all manifests upon their departure from the ADC for delivery.

(v)   Ensure that all jobs or manifests and barcodes are scanned at each building delivery location as a timestamp to capture report(s) delivery information pertaining to the drop location as deliveries are made to those locations.

(vi)   Upon the return to the ADC, the Successful Respondent will ensure that all courier scanners with delivery data are downloaded and reflected in all Service reporting systems including MSI and Job Accounting systems. Track document delivery timeliness by having the courier scan a barcode at the delivery location. Upon return to the ADC, upload scanner data to the Successful Respondent's job accounting system (currently "ATOM") and transmit to the MSI for SLA reporting.

3.7.2   TDCJ Custom Regional Solution: Non-Consolidated Service

(a) In addition to the Austin Data Center (ADC), the Print-Mail Successful Respondent will deploy and manage systems, processes and staff required to deliver print services as specified below at the Texas Department of Criminal Justice BOT Building in Huntsville, Texas:

Table 4: TDCJ Locations and Service

TDCJ Location	TDCJ Site Address	Location Services
TDCJ ITD Headquarters	TDCJ ITD Headquarters 815 11th Street Huntsville, TX 77340	Print, report distribution within TDCJ site.
TDCJ BOT	BOT Building 861B I45 North Huntsville, TX 77320	Print, report distribution within TDCJ site

(b) The TDCJ print files originate from two (2) sources:

(i)   The TDCJ mainframe located in the San Angelo Data Center.

(ii)   The TDCJ OnBase System (an electronic document repository) located in the San Angelo Data Center.

(c) The TDCJ print files are sent to a print management service (currently NearStar) located in the TDCJ ITD Headquarters before being sent directly to the printers located at the TDCJ BOT and the TDCJ ITD

Headquarters as identified above. The exception is print for the IBM 6262 printer which is sent directly to the printer. TDCJ provides its own courier and mail services to ensure its CJIS compliance.

3.7.2.1 TDCJ Service Levels

(a) Remote TDCJ print operations requirements include:

(i) Print operations are active Monday through Friday 7 am to 4 pm Central Standard Time (CST) except for State and Federal Holidays and a one-hour lunch break at both locations.

(ii) Both print locations are equipped to perform the same type of work. In the event one (1) site cannot function normally, the other site will act as a backup for printing.

(iii) Print jobs received on the data server between 7 am to 12 pm central time will be printed the same day, with the exception of the Offender Bank Statements and the Offender Individualized Treatment Plan (ITP) Forms (INITPP30), which will be documented in the SMM, and any excessively large print job as determined by the TDCJ contact. All print received after 12 pm will receive "best effort" for same day printing but may be printed the next business day.

(iv) The Successful Respondent shall distribute printed reports/output within the TDCJ site print location within four (4) hours of print job completion.

(v) Print will be distributed in one (1) of three (3) ways:
   A. Placed on racks near the print rooms.
   B. Placed into special bags and placed on carts.
   C. Placed into standard large, labeled envelopes. The TDCJ only uses print offering of the DCS contract and will not utilize the mail offering of the DCS contract.

(vi) Print volume is approximately 435,000 monochrome pages per month between the two (2) locations.

(vii) The TDCJ will provide the special forms and checks to be used in printing where required.

(viii) All unusable printed documents containing the TDCJ data will be shredded on site.

(ix) The Successful Respondent will provide standard labels and cut sheet standard twenty (20) pound 8½ x 11 white paper, staples, supplies and all other consumables for the printers and equipment.

(x) Successful Respondent will be responsible for all maintenance, repairs and cleaning schedules for all equipment regardless of financial ownership including, but not limited to, any new or used printers and the TDCJ owned IBM 6262.

(b) TDCJ does NOT require:
   (i) Courier Services
   (ii) Mailing Services
   (iii) Mail Insertions
   (iv) Color Printing

3.7.2.2 TDCJ Huntsville Staffing Requirements

All print operators must submit to and clear a Criminal Justice Information Services (CJIS) background check. Print rooms at both BOT and ITD Headquarters locations will need to be staffed from 7 am to 4 pm, CST, Monday through Friday except for State and Federal Holidays and a one-hour lunch break. Currently, there are three (3) print/mail vendor staff operating both locations.

3.7.2.3 TDCJ Disaster Recovery/Backups/Testing

(a) The TDCJ has a requirement for a seventy-two (72) hour Recovery Time Objective (RTO) and twenty-four (24) hour Recovery Point Objective (RPO).

(b) The Successful Respondent will develop, implement and test a Disaster Recovery Plan to ensure TDCJ's print requirements and service levels for Print services are fulfilled at the ADC in the event the TDCJ print facilities are unavailable for use. Successful Respondent will maintain a quantity of paper stock at the ADC to meet TDCJ's print needs in the event the primary TDCJ facilities are unavailable for use.

(c) The Successful Respondent will develop, implement, and test replication to ensure that in the event of a disaster, files received prior to that disaster have been copied and are available at the disaster recovery location up to the point of a disaster event. DIR has the sole authority to declare a disaster. Recovery timeframes will be established by application/job by TDCJ and documented in the Disaster Recovery Plan.

3.7.2.4 TDCJ Communication Requirements

Successful Respondent will direct all communication to the TDCJ's primary contact (or designee), and will initiate communications with the TDCJ contact immediately for the following reasons:

(i) Any HIPAA or CJIS information that may have been compromised in any way.
(ii) Files are not received within the expected time frame.
(iii) Files are received in error status or are unprintable for any reason.
(iv) A deadline is missed or will be missed.
(v) Issues arise with the quality of received files or output.
(vi) All printers are inoperable at the TDCJ locations.
   A. Successful Respondent will submit a Service Now ticket in the event of any device and/or service outage in accordance with established procedures as documented in the MSI's SMM.

3.7.3 Postal Delivery Status

Successful Respondent shall provide the following:

(i) Integrate mail services with USPS Tracking® such that PMD Customer Agencies can electronically extract tracking information from USPS regarding postal delivery status.
(ii) Provide, at a minimum, the following data regarding postal delivery status:
   A. Time stamps for production processing.
   B. Presort information.
   C. USPS tracking activities as available.

3.7.4 Postal Delivery Verification

Successful Respondent shall provide the following:

(i) Mail services with certified mail tracking capabilities such that PMD Customer Agency identified mail pieces are processed with USPS certified mail tracking.
(ii) Mailing job manifest information to the sending PMD Customer Agency including certified mail tracking information by piece.

3.7.5 Fast Forward Address Services

Successful Respondent shall provide Fast forward address services that:

(i)   Provide services that are automated and licensed by the postal service

(ii)   Compare addresses on live mail pieces with change-of-address orders on file as the mail is processed.

(iii) Re-address the mail piece so it can be sorted and delivered to the new address rather than forwarded from the old address

3.8   Service Locations

(a) Initially, all print, mail, and digitization services must be performed at the ADC, with the exception of overflow capabilities, disaster recovery in a remote third-party service and regional print at TDCJ's Huntsville, Texas office. The Successful Respondent may propose migrating ADC services to a virtual cloud solution, as part of the Section 4.4 Obligation to Evolve, rather than proposing asset refresh at the ADC, subject to DIR approval.

(b) While delivering services from the ADC, the following applies:

(i)   ADC facility use is provided at no cost to the Successful Respondent.

(ii)   Server and LAN network infrastructure needed to provide print, mail and digitization services would be provided by the Texas Private Cloud SCP and WAN network services would be provided by the Managed DCS Network SCP, at no cost to the Successful Respondent.

3.9   Reporting

As part of the Service, the Successful Respondent shall:

(i)   Generate and provide DIR and MSI access to daily production control and scheduling reports, including the production of monthly summary reports that track the progress of the Successful Respondent's performance of maintenance work (details are contained in **Appendix A Reports**).

(ii)   Provide all current state reports, or data as agreed with DIR and the MSI, as described in **Appendix A Reports** and required in Article 6 Performance Model – Service Level Agreements and Article 9 Cross-Functional Services.

(iii) Performing in-scope ad hoc operations reporting as directed by DIR.

3.9.1   Near-Real-Time Reporting

(a) DIR seeks to drive a significantly higher level of DCS Customer transparency and service to DCS PMD Customers while reducing the administrative burden associated with service report production on the Successful Respondent via this evolution of PMD Services. As such, the Respondent, as part of their proposal will provide:

(i)   Report requirements, report data in formats agreed by the MSI, and contribute to the solution design of reports to be implemented on the MSI's Portal prior to Service Commencement to provide a near-real-time view of the end to end production stream for a DCS Customer as follows:

Table 5: PMD Process Step Table

General Scope	Generalized PMD Process Steps					
	Job Acceptance	**Printing Operations**	**Value Added Service Application**	**Sort/Insert/Stuff Operations**	**Mailing Operations**	**Courier / Special Handling Operations**
Production Dashboard	▪ Job Presentment Date/Time ▪ Job Parameter Acknowledge-ment (Service Tier, Forms, Value Added Services) ▪ DCS Customer-specific factors as agreed	▪ Job Start Date/Time ▪ Estimated Time Remaining ▪ Job Finish Date/Time	▪ Address Validation / Correction ▪ Address Fast Forward ▪ Bar Coding	▪ Job Start Date/Time ▪ Estimated Time Remaining ▪ Job Finish Date/Time	▪ Presort ▪ Bar Coding (Piece Tracking) ▪ Verified USPS Acceptance Date/Time ▪ Mail.dat creation ▪ Certified/ Registered Mail ▪ Piece Tracking (USPS)	▪ Courier Acceptance Date/Time ▪ Estimated Delivery Date/Time
Status	▪ Received ▪ Canceled ▪ Error	▪ Received ▪ Printing ▪ Printed ▪ Pending ▪ Complete ▪ Overridden ▪ Canceled ▪ Error	▪ Situational	▪ Received ▪ Pending ▪ Complete ▪ Overridden ▪ Canceled ▪ Error	▪ Received ▪ Pending ▪ Complete ▪ Overridden ▪ Canceled ▪ Error	▪ Received ▪ Pending ▪ Complete ▪ Overridden ▪ Canceled ▪ Error
Exception Processing / Alerting	▪ Any Acceptance Error	▪ Exception (e.g., malfunction, form availability, problem/issue) ▪ Root cause analysis ▪ Job Restart Date/Time ▪ Revised Estimated Time Remaining	▪ Situational	▪ Exception (e.g., malfunction, form availability, problem/issue) ▪ Root cause analysis ▪ Job Restart Date/Time ▪ Revised Estimated Time Remaining	▪ Situational	▪ Situational

(b) The proposed solution must support the MSI in the creation and operation of the following:

    (i) Allow DCS Customers to view the status of their jobs submitted across the aforementioned generalized PMD Process Step table as applicable to the Service and proposed solution;

    (ii) Prevent one DCS Customer from viewing another DCS Customer's job stream, but provide the MSI and DIR an "enterprise view" of all customer dashboards in totality as well as individually;

    (iii) Include provisions for DCS Customer-specific reports or views of data that are tailored to the needs of the DCS Customer;

    (iv) Retain data for retrospective review, confirmation and analysis for a period of no less than eighteen (18) months following the completion of a job;

    (v) At a minimum, provide a real-time, up to date dashboard updated by any change of status or more frequently, if possible, that includes search, filter and detail job inspection capabilities;

    (vi) Provide Process Step status reporting as follows (and as included in the Generalized PMD Process Steps table above):

        A. Received – Service received the job but hasn't sent the job to the Process Step.

B. Printing – Service sent the job to the printer.

C. Printed – Service has received accounting data or completion code from the printer indicating that the job has printed.

D. Pending – the job has been scheduled for the Process Step, but the Process Step tasks are not complete.

E. Complete – the job has been completed in the Process Step and all the Process Step tasks are complete.

F. Overridden – the job has been changed (either a task has been added, deleted, or changed) within a Process Step.

G. Canceled – the job has been canceled, inclusive of the circumstances of its cancellation.

H. Error – an error has occurred, inclusive of the circumstances of the error and an indication of the recoverability of the error.

I. Be accessible by common office reporting tools (e.g., ODBC tools such as Microsoft Access, Excel, etc.) for authorized DCS Customer and enterprise users;

J. Provide real-time capability to measure and report current print/mail in queue and expected print/mail against printer, inserter and mail capacity to forecast likelihood of completing production within the job's target and timeliness SLA.

3.10   Disaster Recovery Services

3.10.1   Disaster Recovery Overview and General Requirements

The State MSI leads, manages, and oversees the Disaster Recovery Program (DR) within DCS, including Planning and Testing activities. Based on the current capabilities within DCS, the overall complexity of DCS Customer computing applications and services portfolio, and existing DCS Customer and TSS SCP provisions for disaster recovery and business continuity (DR/BC), the scope and responsibilities of the Successful Respondent are as follows:

(i)   DR will apply to in-scope services and service elements located in the DIR Facilities, including the facility itself, in consideration of existing capabilities and, following implementation, Successful Respondent Services to DIR;

(ii)   DR will apply to in-scope service elements located in non-consolidated facilities (legacy data centers and remote business offices);

(iii)   DR will apply to any Service elements that are under the scope and responsibility of the Successful Respondent in delivery of Services to;

(iv)   DR will apply to all Successful Respondent services and Service support infrastructure elements as required to operate and maintain the Services including all infrastructure and operational elements that the Successful Respondent provides or is dependent upon to deliver the Service to DCS Customers;

(v)   The Successful Respondent will ensure that any existing implemented DR methods to enable specified DR/BC for DCS Customer are not diminished as a result of Successful Respondent efforts;

(vi)   DR will be designed and implemented to complement DCS Customer activities in support of the DCS Customer's overall DR and business continuity plan(s);

(vii)   DR will apply to successful system and operations restoration including recovery services and associated data. DR is limited to in-scope environment elements unless otherwise agreed to with DIR or DCS Customer;

(viii) DCS Customers will retain sole responsibility for overall business continuity plans except as otherwise provided;

(ix) The Successful Respondent retains responsibility for business continuity plans for its own in-scope services and facilities.

(x) Provide input into DIR's potential future specification, design and implementation of infrastructure disaster recovery plans for in-scope services and service elements, as agreed based upon the following principles:

A. Leverage the alternate CDC facility (Austin -> San Angelo or San Angelo -> Austin) or the DCS Public Cloud or one (1) or more of the Successful Respondent's designated location in the event of a disaster in one of the data centers.

B. Provide network connectivity between the Successful Respondent's designated DR location(s) to ensure service delivery.

C. Maintain sufficient supplies of required paper forms and envelopes at Successful Respondent's designated DR location to support DCS Customer operations for a minimum of 30 days.

D. Document procedures and participate in design reviews to facilitate transfer of operations to disaster site for in-scope services to occur within RTO and RPO of failure of primary site.

E. Document procedures to restore primary operations for in-scope environment site operations (once available).

F. Identification of redundant processing environment requirements to ensure 24x7 operations for DCS Customer-critical infrastructure components.

G. Specification of redundant power requirements to ensure 24x7 operations for DCS Customer-critical infrastructure components.

H. Specification of redundant networking requirements (network devices and telecommunications access) to ensure 24X7 operations for DCS Customer-critical infrastructure components.

3.10.2 Other Disaster Recovery Requirements

(a) The Successful Respondent's responsibilities with respect to the DR/BC services include the following:

(i) The Successful Respondent must enable business continuity plans as they relate to in-scope Services.

(ii) The Successful Respondent will be responsible for providing sufficient DR infrastructure (e.g., printers, inserters, sorters, digital output equipment, postage meters) and other DR service elements in the alternate location(s) as required to support the Services.

(iii) Ensure the successful execution of such provided restoration/recovery methods and validate the services have been restored to normal operations in consultation with the DIR or DCS Customer.

(iv) Participation in the regular testing and improvement of the Disaster Recovery plans.

(v) Upon request, the Successful Respondent will participate in planning sessions, testing review sessions, and other meeting activities scheduled by MSI for in-scope Service elements.

(vi) Participation in DCS Customer activities, processes, and procedures for in-scope work and environments to enable DCS Customer disaster recovery capabilities to ensure that respective roles, responsibilities, processes and procedures of the parties are understood and

documented to be contemporary with the then-current DR solution(s) in use by DCS Customers.

(b) The Successful Respondent shall not be responsible for, or quote or specify services associated with the development of detailed disaster recovery or business continuity plans for DCS Customer and TSS SCP applications; these plans shall remain the sole responsibility of the DCS Customer and TSS SCP that maintains the application and are managed and coordinated by the MSI.

3.10.3   Disaster Recovery Classification

The Successful Respondent, as part of their proposal to this RFO, will solution the DCS Disaster Recovery Service to offer the following options to DCS Customers. As the Successful Respondent to this RFO, the DR service elements will be designed, implemented, and tested to verify compliance with the following DR classification requirements.

3.10.3.1   Enhanced Service: Four (4) Hour Recovery Time Objective (RTO)

In the event of an interruption of print and mail operations or a declared Disaster, a DCS Customer utilizing Successful Respondent's Print and Mail operations may, at its sole discretion, exercise a four (4) hour RTO, for print and mail services only. Any such request must be submitted according to SMM procedures and time shall begin upon Successful Respondent's receipt. The four (4) hour RTO may be exercised even though DIR has not issued a disaster declaration. If the DCS Customer wishes to request the four (4) hour RTO in conjunction with a DIR declared Disaster, the request must be made at the time of the Disaster Declaration. If the requesting DCS Customer elects to exercise the four (4) hour RTO option and if services are then restored within four (4) hours of receipt by the Successful Respondent's RTO, each requesting DCS Customer shall pay the required fee, per event, as published in **Attachment 2.1** of this Agreement.

3.10.3.2   Minimum Requirement: Forty-eight (48) hour Recovery Time Objective (RTO) with twenty-four (24) hour Recovery Point Objective (RPO).

(a) For all print, mail and digital output, The Successful Respondent shall provide disaster recovery that allows at a minimum for a forty-eight (48) hour Recovery Time Objective (RTO) with twenty-four (24) hour Recovery Point Objective (RPO). For further clarity, the RTO means the Successful Respondent begins printing, mailing and creating digital images within forty-eight (48) hours after the time DIR declares a disaster. The RPO means the Successful Respondent loses no more than twenty-four (24) hours worth of print, mail or digital images that had been transmitted to the Successful Respondent for processing.

(b) The Successful Respondent will implement and test replication to ensure that in the event of a disaster, files received prior to that disaster have been copied and are available at the disaster recovery location up to the point of a disaster event. DIR has the sole authority to declare a disaster. Recovery timeframes will be established by application/job by DCS Customers and documented in the Disaster Recovery Plan.

3.10.4   Disaster Recovery Testing

(a) The MSI will develop a DR test schedule annually that schedules DR tests periodically throughout the year. The Successful Respondent will perform DR testing annually in accordance with the MSI established schedule:

   (i)   Establish, with the MSI, test objectives with each DCS Customer designed to verify that the in-scope Service elements will be available within the agreed upon timeframes contained in a business continuity plan as they pertain to in-scope Service elements;

(ii)   Follow MSI established schedule for testing in-scope environment elements of the disaster recovery and business continuity plans relating to in-scope Service elements at least annually, or as requested by the DCS Customer, in support of DCS Customers, designees, any testing and recovery providers, and relevant DCS third-party service providers (including Cloud service providers) in accordance with the MSI;

(iii)   Continue to operate and manage the in-scope Service elements during periodic disaster recovery tests; and

(iv)   Execute an annual disaster recovery exercise for all facility components in the CDCs.

(v)   Update the Successful Respondent's Disaster Recovery Plan as necessary after each annual DR test.

(b) The Successful Respondent must develop a Site Disaster Recovery Plan for the Austin Data Center and other proposed facilities. The Successful Respondent will be required to customize a Site Disaster Recovery Plan within ninety (90) calendar days after the Commencement Date. The plan should include Technical Recovery Guides and Application Disaster Recovery Guides (ADRGs) for use in recovering to an alternate data center or Successful Respondent location. This plan is subject to approval by DIR. The Successful Respondent must revise their Site Disaster Recovery Plan annually for the life of the Contract. Each revision will be subject to approval by DIR.

(c) The Respondent must provide an outline of their Site Disaster Recovery Plan with their proposal.

3.10.5   Disaster Recovery as a Service

(a) Disaster Recovery as a Service (DRaaS) is a service offering provided to discretionary DCS Customers that do not routinely print or mail within the DCS program. DRaaS solutions are custom designed based on the following objectives:

(i)   Capabilities to be developed should provide for custom service capabilities, including Customer specific recovery objectives;

(ii)   The DRaaS Customer owns and manages their own primary Print Mail site and environment;

(iii)   Site level disaster assessment and disaster declaration authority is owned by the DRaaS Customer and DIR;

(iv)   DIR will initiate any disaster declaration in alignment with the established SMM;

(v)   Return to normal (production site) process will be owned by the DRaaS Customer.

(b) The Successful Respondent shall perform the following services to support Disaster Recover as a Service (DRaaS):

(i)   Develop and implement solution to support DRaaS Customer needs;

(ii)   Participate in standard DR exercise planning, execution, and post-reporting processes in accordance with an annual Tabletop Exercise;

(iii)   Modify, maintain, and coordinate Technical Recovery Guide (TRG) format as needed;

(iv)   Provide chargeback updates, reporting, data validation, and dispute management;

(v)   Provide Service Performance and Reporting support, operations reporting, training, compliance assessments, and validate Service Level results; and

(vi)   Provide tools support, including tools customization, ticket resolution, and trouble-shooting support.

3.10.6 Texas Comptroller of Public Accounts (CPA) DRaaS Requirements

(a) As of Commencement, the DCS program contains one (1) custom DRaaS solution for the CPA.

(b) The PMD SCP shall provide a print function from the Austin Data Center (ADC) to meet CPA's disaster recovery print needs. In the event of a disaster, the expected capacity is approximately 8,000 warrants per day during an actual disaster.

(c) The Successful Respondent shall:

(i) Perform annual DR test at standard printing rates. This includes printing approximately one hundred (100) warrants during DR testing. Annual DR test for print will be included with the mainframe Disaster Recovery Exercise with a minimum of 120 days of planning (from request to DRE start date).

(ii) Run print jobs in accordance with established schedule as documented in the SMM.

(iii) DR print jobs will be subject to Print Images RU charges. Print job setup should be included in the established RU rate

(iv) In the event print delivery outside of the ADC is required, the Courier RU charges will apply.

(v) Print job setup is included in the RU rate.

3.11 Security

3.11.1 Security Administration

The Successful Respondent must provide Security Administration Services for all in-scope service elements, including but not limited to:

(i) Adhere to the then-current safety and security policies, rules, procedures and regulations established by the State and DIR, and each DCS Customer with respect to such DCS Customer's data and facilities.

(ii) Adhere to DIR and DCS Customer's then-current Security Rules, as published in Chapter 202, Information Security Standards of the Texas Administrative Code.

(iii) Comply with the policies defined by the FBI Criminal Justice Information Services (CJIS) requirements.

DIR and DCS Customers comply with National Institute of Standards and Technology (NIST) Federal standards and related NIST 800 series Special Publications (SP) and Federal Information Processing Standards (FIPS) standards. Where there is a conflict between NIST, FIPS and 1 TAC Chapter 202 rules and security controls, the 1 TAC Chapter 202 takes precedence.

(iv) Comply with all security incident notification and response procedures as specified in the Service Management Manual.

(v) Communicate the physical and logical Security management processes to Supplier personnel and each Service Component Provider.

(vi) Implement the physical and logical Security functions in accordance with DIR Rules and the SMM.

(vii) Validate that proper segregation of duties exists in accordance with DIR Rules and the SMM.

(viii) During the implementation of changes or management of crises where it is not feasible to observe a proper segregation of duties, immediately inform DIR and the MSI of this fact and keep a record of all actions performed.

(ix) Inform DIR and the MSI immediately if Supplier becomes aware of any vulnerability or weakness in the Services and recommend a solution or mitigation.

(x) Provide Reports, on at least a weekly basis, to DIR and DCS Customers to identify the physical access right that should be removed from DIR and DCS Customer locations.

(xi) Adhere to the physical Security administration processes defined in the SMM processes.

(xii) Encrypt data as required; support Customers' requirements for encryption.

(xiii) In accordance with procedures documented in the SMM:

A. Maintain current listing of personnel who are authorized to access the controlled areas within the Consolidated Data Centers, as part of the MSI's Security Clearance Database. The access list includes DCS Successful Respondent's personnel, subcontractors and authorized Third Party Vendors.

B. Comply with Successful Respondent employee access requirements as documented in the SMM.

C. Establish and/or maintain controls for access to keys used to open locked cages and other critical areas. Collaborate with the CDC Facilities Managers an access to these keys for emergency use only.

(xiv) To enable DCS to drive higher levels of compliance and defense with respect to its security posture within the overall Service, the Successful Respondent will:

A. Evaluate program security and recommend improvements based on DIR policy, industry standards, and best practices. Evaluate tools and processes associated with all Services, including Service integration and management, DIR inter-connection with public cloud elements and implementation of public cloud computing;

B. Monitor all assets actively for security vulnerabilities, flaws, threats, and other elements that would undermine the security posture of DCS;

C. Drive higher levels of data encryption across all elements of the service for data in flight and data at rest – particularly for those service elements that are prone to attack, those that include high numbers of records with sensitive data;

D. Seek and work with MSI, DIR, and Security Operations SCP to implement identity management, multi-factor authentication and leverage DCS programmatic fraud/intrusion detection for all trusted user ids (e.g., root, admin, dba) within the scope of Services;

E. Actively participate in regular third-party penetration testing of all DCS assets regardless of where they are implemented on/off premise. Remediate vulnerabilities for Successful Respondent Services and oblige the appropriate DCS Service Component Provider to remediate issues within their scope of responsibility; and

F. Actively participate in an annual security assessment which is managed by the MSI and remediate all vulnerabilities.

3.11.2 Proper Disposal of Data and Confidential Information

(a) DIR and DCS Customers fall under, and Successful Respondent shall comply with, those federal and State Laws that address the proper handling, securing, and disposing of data in both physical and electronic form. Some examples include 1 Texas Administrative Code ("TAC") Chapter 202 (including the requirements and

procedures outlined in 1 TAC Chapter 202.28 addressing the disposal of data processing equipment under Chapter 403.278, Texas Government Code (between institutions of higher education or state agencies) and Chapter 2175, Texas Government Code (for all other transactions)), the Internal Revenue Code ("IRC"), the Fair and Accurate Credit Transactions Act ("FACTA"), the Family Educational Rights and Privacy Act ("FERPA"), the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the Gramm-Leach-Bliley Act and the Federal Information Security Management Act ("FISMA").

(b) The "Disposal Rule" section of FACTA states that any person who maintains or otherwise possesses consumer or employee information for a business purpose is required to properly dispose of the information. Since June of 2005, this Law makes shredding a necessity for any business, regardless of size. Even those businesses with just one employee are required to dispose of employee data and documents in such a way that protects against unauthorized access to or use of the information.

(c) All types of electronic media and non-volatile memory must be sanitized prior to disposal or release for reuse. The Successful Respondent will provide secure erasure of data from products and/or services (e.g., computers, switches/routers, telephones, printers, fax machines, scanners, multifunction devices, etc.) prior to final disposition outside the secure data center environment.   Approved methods for media and memory sanitization are listed in TAC 202 and the NIST Special Publication 800-88, Guidelines for Media Sanitization. The Successful Respondent must document and verify media sanitization and disposal actions.

(d) Successful Respondent shall comply with and adhere to these and all other applicable federal and state guidelines.

(e) According to the new FACTA regulations, doctors, pharmacies, hospitals, retailers, employers and insurance companies are required to protect the privacy of their customers, clients, employees and patients. HIPAA Article § 164.530 (c) states that: (1) A covered entity must have in place appropriate administrative, technical, and physical safeguards to protect the privacy of protected health information. (2) Implementation specification: Safeguards. A covered entity must reasonably safeguard protected health information from any intentional or unintentional use or disclosure that is in violation of the standards, implementation specifications or other requirements of this subpart. It is important to keep in mind that the "Privacy Rule" of HIPAA may be pre-empted by State Law if State Law is more restrictive or more stringent than the Privacy Rule.

(f) Certain physical actions must occur when Consolidated Data Centers or Non-Consolidated Service Locations receive "end of life" magnetic media directly from the Internal Revenue Service, the United States Social Security Administration or other sources that contain additional information deemed protected by the above-mentioned Acts. These physical actions include that the magnetic tapes must not be released for destruction without first being subjected to electromagnetic erasing meeting the minimum most stringent standard set forth by applicable Laws. This electromagnetic erasing known as degaussing requires the use degaussing Equipment that meets or exceeds the requirements set forth in applicable Laws. Once the tape(s) has been properly degaussed the tape will be destroyed by cutting the tape into lengths of eighteen (18) inches or less or by burning the tape to effect complete incineration. Hard drives must be completely overwritten and/or physically destroyed according to applicable Laws prior to releasing from a secured environment. Physical media that is in a CD format or paper format must be destroyed with an appropriate shredder that complies with applicable Laws.

3.11.3   DIR Incident Reporting Instructions

Successful Respondent shall promptly investigate, document, and report security incidents in accordance with 1 TAC Chapter 202 and applicable DIR Standards (including NIST Special Publication 800-61 and DIR's "Acceptable Use Policy Guidelines.") as documented in the SMM.

3.11.4   IRS Publication 1075

Some DCS Customers receive federal tax information that is subject to the safeguarding requirements of IRS Publication 1075. In addition to the requirements set forth in the MSA, to the extent that federal tax information (as defined in Pub 1075) is processed on Equipment, over Networks, or in a DIR Facility that is included in the Services, Successful Respondent will comply with all Pub 1075 requirements with respect to its performance of the Services. Successful Respondent will assist DCS Customers undergoing an IRS Safeguard Review as requested by DIR or the affected DCS Customer, including providing all requested documentation, facilitating the physical inspection of the applicable Equipment, Network or DIR Facility, and assisting in the resolution of any review findings that result from such IRS Safeguard Review. Successful Respondent will communicate and coordinate with the other DCS SCPs as required (and as directed by DIR) to accomplish the foregoing obligations.

3.11.5   Security References

The Successful Respondent shall perform the Services in compliance with all federal and state laws and industry standards as they may be updated from time-to-time, including but not limited to the following:

(i)   Texas Administrative Code (TAC) 1 Chapter 202. TAC 202 provides the State of Texas security standards policies applicable to all Texas state agencies.
(ii)   HIPAA – Health Insurance Portability and Accountability Act Privacy and Security Rules.
(iii) HITECH – Health Information Technology for Economic and Clinical Health Act.
(iv)   FIPS 140-2 Federal Information Processing Standards Publication, Security Requirements for Cryptographic Modules.
(v)   FISMA – Federal Information Security Management Act.
(vi)   FERPA – Family Educational Rights and Privacy Act.
(vii) IRS Pub 1075 – Tax Information Security Guidelines for Federal, State and Local Agencies.
(viii) PCI – Payment Card Industry Security Standards.
(ix)   ISO/IEC 27001:2005 - Information technology – Security techniques – Information security management.
(x)   ISO/IEC 27002 – code of practice for information security management.
(xi)   NIST 800 – National Institute of Standards and Technology standards and related publications.
(xii) CJIS Security Policy - FBI Criminal Justice Information System Security Policy and CJIS Security Addendum.

3.12   Audit Requirements

(a) DIR, DCS Customers, Texas State Auditor's Office, and other entities authorized by DIR may conduct security reviews, assessments, forensic analysis and/or audits (e.g., SSAE 18, State Audit Office, IRS audits) where service is being provided by the Successful Respondent. These assessments may include (but are not limited to) physical security, logical security, policies and procedures, network analysis, vulnerability scans and Penetration Tests. The Successful Respondent shall cooperate with audits DIR requires.

(b) Successful Respondent shall provide corporate security policies in addition to DCS security policies if required for an audit.

3.13   Compliance

The Successful Respondent shall perform the Services in accordance with the terms of the Agreement and DIR's and DCS Customers' then-current policies and procedures until the SMM is finalized and agreed upon by the Parties. Thereafter, the Successful Respondent shall perform the Services in accordance with the terms of the Agreement and the SMM. In the event of a conflict between the provisions of the Contract and the SMM, the provisions of the Agreement shall control.

(i)   Operating in compliance with all applicable federal and state regulations (consistent with the Parties' obligations regarding same as set forth in **Section 8.11** of the Agreement), U.S. Postal Service Guidelines (USPS) and in accordance with the Service Management Manual. Successful Respondent shall provide remediation as required.

(ii)   Providing for disposal of Confidential Information in a secure manner in accordance with the Service Management Manual.

(iii)   Providing secure document storage.

(iv)   Following all guidelines for secure document management, tracking, and appropriate disposal as required.

(v)   Providing chain of custody for secure forms.

(vi)   Following all US Postal regulations, including complying with the most current edition of the Domestic Mail Manual (DMM). Advising DIR and/or its designee(s) of any changes in the DMM that will impact mail Services monetarily or logistically. Checking for DMM updates on a monthly basis. Possessing the necessary licenses from the USPS. Process categories include (as applicable) the following items:

   A.   Postal bar coding
   B.   Readable addresses
   C.   Tray makeup
   D.   Postal code sort
   E.   Tray labeling
   F.   Reporting

(vii)   Manage postal meters and related postage accounts, including reconciling balances and reporting on interest, for DCS Customer related Services.

3.14   Quality Assurance

(a) The Successful Respondent is responsible for adhering to quality assurance processes and procedures required in this SOW or developed by the MSI. Successful Respondent should provide documentation related to its approach for ensuring continuous quality assurance processes and procedures for the delivery of Services including:

(i)   Confirming compliance with agreed upon quality assurance procedures.

(ii)   Conducting quality and progress reviews with appropriate DCS Customer personnel.

(iii)   Supporting MSI with developing and publishing a quality assurance/quality control (QA/QC) manual.

(iv)   Verifying compliance with the published QA/QC manual.

(v)   Maintaining Service equipment and software quality consistent with its obligations.

(vi)   Documenting and implement process improvement including identifying industry leading practices.

(b)   Successful Respondent shall develop and implement Quality Assurance and internal control (e.g., financial and accounting controls, organizational controls, input/output controls, system modification controls, processing controls, system design controls and access controls) processes and procedures, including implementing tools and methodologies, to perform the Services in an accurate and timely manner (and confirm that they are so performed and accounted for) in accordance with (1) the Service Levels and other requirements of this Agreement, (2) Generally Accepted Accounting Principles (US GAAP) to the extent necessary for Successful Respondent to make its public filings with the Securities and Exchange Commission, (3) accepted industry standards of first tier providers of services that are the same as or similar to the Services, (4) the Laws applicable to DIR and the DCS Customers (without limiting the obligations of the Parties under **MSA, Section 8.11 Compliance with Laws**, and (5) industry standards (e.g., QS 9000, ISO 9001/2000, ISO 14000, ISO 17799/2005, ISO 27001/2005, ISO 27002/2005) applicable to DIR and the performance of the Services to the extent described in Section Industry Standards, Certifications and Compliance**Error! Reference source not found.**. Such processes, procedures and controls shall include verification, checkpoint reviews, testing, acceptance and other procedures for DIR and the DCS Customers to assure the quality and timeliness of Successful Respondent's performance. Without limiting the generality of the foregoing, Successful Respondent shall:

(i)   Maintain a strong control environment in day-to-day operations to assure that the following fundamental control objectives are met:
   A.   financial, billing and operational information is valid, timely, complete and accurate.
   B.   operations are performed efficiently and achieve effective results, consistent with the requirements of this Agreement.
   C.   assets and data are safeguarded in accordance with Successful Respondent's own internal (and in all events reasonable) practices (but without expanding Successful Respondent's obligations under **MSA, Section 6.2.2 Safeguarding of DIR Data**).
   D.   actions and decisions of the organization are in compliance with Laws (without limiting the obligation of the Parties under Section Industry Standards, Certifications and Compliance) and the terms of this Agreement.

(ii)   Build the following basic control activities into work processes:
   A.   accountability clearly defined and understood.
   B.   access properly controlled.
   C.   adequate supervision.
   D.   transactions properly authorized.
   E.   transactions properly recorded.
   F.   transactions recorded in proper accounting period.
   G.   policies, procedures and responsibilities documented.
   H.   adequate training and education.
   I.   adequate separation of duties.

(iii)   Perform periodic control self-assessments with respect to all Services as necessary to ensure compliance.

(iv)   Maintain an internal audit function to sufficiently monitor the processes, internal controls and Systems used to provide the Services (i.e., perform audits, track control measures,

communicate status to management, drive corrective action, etc.) and provide copies of any such internal audit reports to DIR upon request.

(v) Conduct investigations of suspected fraudulent activities within Successful Respondent's organization that impact or reasonably could be expected to impact DIR or the DCS Customers. Successful Respondent shall promptly notify DIR of any such suspected fraudulent activity and a reasonable summary of the results of any such investigation as they relate to DIR or the DCS Customers and such supplemental materials as DIR may reasonably request. At Successful Respondent's request, DIR shall provide reasonable assistance to Successful Respondent in connection with any such investigation.

(c) Successful Respondent shall submit such processes, procedures and controls to DIR for its review, comment and approval as part of the SMM process and shall use commercially reasonable efforts to finalize such processes, procedures and controls and obtain DIR's final approval on or before the established due date. Upon DIR's approval, such processes and procedures shall be included in the SMM. Prior to the approval of such processes and procedures by DIR, Successful Respondent shall adhere strictly to DIR's and the DCS Customers' then-current policies, procedures and controls. No failure or inability of the quality assurance procedures to disclose any errors or problems with the Services shall excuse Successful Respondent's failure to comply with the Service Levels and other terms of this Agreement.

3.15 Industry Standards, Certifications and Compliance

Successful Respondent shall comply with ISO 9000, ISO 9001:2000, ISO 14001, ISO 27001/2005, and ISO 27002/2005, TAC202 and shall apply ITIL standards and Six Sigma processes.

3.15.1 SOC 2 Reports

(a) In addition to its other obligations under this Section, Successful Respondent shall cause a Service Organization Controls 2 Report, type II, [("SOC 2 Report") (SOC 2: Attestation Standards, Section 101 of the AICPA Codification Standards (AT Section 101), "Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2)", as published by the AICPA in 2011] to be conducted by an independent, nationally recognized public accounting firm qualified to perform such audits at least annually, prepared in accordance with the relevant and current standards. The Successful Respondent acknowledges that each such SOC 2 Report shall cover Successful Respondent's policies, procedures, controls and systems for twelve (12) months of Successful Respondent's performance of the Services, in accordance with the State fiscal year (and each successive twelve (12) month period thereafter unless otherwise agreed to), and in particular those policies, procedures, controls and systems applicable to an audit of Successful Respondent's customers. Prior to initiating any such SOC 2 Report, Successful Respondent shall confer with DIR as to the scope and timing of each SOC 2 Report and shall accommodate DIR's requested modifications (if any) for each such SOC 2 Report to the extent reasonably practicable.

(b) Successful Respondent shall cause its Subcontractors performing the Services to allow SOC 2 Reports on their policies, procedures, controls and systems that complement the SOC 2 Report performed pursuant to clause (1) above, when requested by Successful Respondent, DIR, Customers, Texas State Auditor's Office, and other entities authorized by DIR. If Successful Respondent is unable to cause its Subcontractors to conduct such SOC 2 Reports or chooses to conduct the SOC 2 Reports of such complementary policies, procedures, contracts and systems itself, then Successful Respondent shall engage an independent, nationally recognized public accounting firm to perform such audits of its Subcontractors to ensure that the

policies, procedures, controls and systems of the Subcontractor complement those of Successful Respondent. For purposes of this clause (2), the term "complement" shall mean that the policies, procedures, controls and systems of the Subcontractors, when taken as a whole in combination with the policies, procedures, controls and systems of Successful Respondent, represent the entire control environment under this Agreement.

(c) Unless otherwise agreed by the Parties, a copy of the final annual report dated December 31st will be provided by Successful Respondent to DIR and DIR Auditors ten (10) Business Days from the date Successful Respondent receives the final report from the external firm. In all events, each report delivered by such date shall be unqualified and Successful Respondent shall respond to such report in accordance with **MSA, Section 4.11 Audit Rights**. In addition, within ten (10) Business Days of DIR's written request to Successful Respondent, Successful Respondent shall provide a letter to DIR signed by an officer of Successful Respondent certifying that there has been no change in the policies, procedures, controls and systems of Successful Respondent since the date of the most recent SOC 2 Report.

(d) To the extent DIR provides notice and requests that, in addition to the SOC 2 Reports described in clauses (1) and (2) above, Successful Respondent conduct DIR-specific SOC 2 Report, Successful Respondent shall, at DIR's expense, cause such DIR-specific SOC 2 Report to be performed by a nationally recognized public accounting firm qualified to perform such Report; provided, however, that Successful Respondent timely notifies DIR of such expense, obtains DIR's prior written approval and uses commercially reasonable efforts to minimize such expense. A copy of the final report of each such DIR-specific SOC 2 Report shall be delivered to DIR by Successful Respondent ten (10) Business Days from the date Successful Respondent receives the final audit report from the external firm. If Successful Respondent undertakes additional or different SOC 2 Reports (other than customer-specific audits requested and paid for by other Successful Respondent customers), Successful Respondent shall accord DIR the rights described in clause (1) above with respect to such reports. To the extent DIR provides notice and requests that, in addition to the SOC 2 Reports described in clauses (1) and (2) above, DIR may, in coordination with the DIR Auditors, conduct DIR-specific SOC 2 Report on the services facility at or from which the Services are provided.

(e) During the period when SOC 2 Reports are performed under this Section, Successful Respondent shall provide DIR with periodic updates on the status of such reports and any issues that are specific to DIR or that are reasonably anticipated to impact in any material respect the control environment under this Agreement. Upon completion of any such SOC 2 Report that identifies any significant deficiency or material weakness, Successful Respondent shall prepare and implement a corrective action plan to correct any such deficiency or resolve any problem identified from such SOC 2 Report specific to DIR or that impact in any material respect the control environment under this Agreement. A copy of the corrective action plan shall be provided to DIR within thirty (30) days following the discovery of such deficiency or problem. If the SOC 2 Report shows a control issue that is specific to DIR or that impacts in any material respect the control environment under this Agreement (a "Control Deficiency") that has not theretofore been corrected or properly mitigated and such failure to mitigate the Control Deficiency leads to a qualified opinion being issued by Successful Respondent's auditor, then Successful Respondent's failure to promptly remedy the Control Deficiency will be deemed a material breach of this Agreement triggering a termination rights for DIR under **MSA, Section 13.1 Termination for Cause**.

(f) If Successful Respondent is unable to timely deliver to DIR any report described in this Section that does not identify any significant deficiency or material weakness, Successful Respondent shall:

(i)   provide a certificate from an officer of Successful Respondent to DIR certifying, on the date such report is delivered, or is otherwise due to be delivered, the circumstances giving rise to any delay in delivering such report,

(ii)   promptly take such actions as deemed necessary by DIR to resolve such circumstances and deliver such report as promptly as practicable thereafter, and

(iii)   permit DIR and the DIR Auditors (or their agents), at Successful Respondents' expense, to perform such procedures and testing of the operating effectiveness of Successful Respondent's policies, procedures, controls and systems for the period otherwise covered by such report.

3.15.2   Audit Requirements

(a) DIR, DCS Customers, Texas State Auditor's Office, and other entities authorized by DIR may conduct security reviews, assessments, forensic analysis and/or audits (e.g., SSAE 18, State Audit Office, IRS audits) where service is being provided by the Successful Respondent. These assessments may include (but are not limited to) physical security, logical security, policies and procedures, network analysis, vulnerability scans and Controlled Penetration Tests. The Successful Respondent shall cooperate with audits DIR requires.

(b) Successful Respondent shall provide corporate security policies in addition to DCS security policies if required for an audit.

3.16   Operating Agreements with Other SCPs and MSI

(a) DIR holds other contracts for additional or related work for the DCS SCPs, platforms and customer specific projects and services. The Successful Respondent must fully cooperate with the MSI and all other DCS SCPs as may be required for the smooth and efficient operation of all related or additional work arising from this Exhibit. The Successful Respondent may not act in any way that may unreasonably interfere with the work of any other DCS participant or DIR or DCS Customers' employees. Additionally, the Successful Respondent must enforce the obligations of this provision in all its contracts with its subcontractors that work on any Project or Service arising from this Exhibit.

(b) DIR believes that mutually supportive relationships among DCS SCP, in addition to relationships with DIR and the MSI, are required to deliver a seamless and well managed service to DCS Customers.

(c) The Successful Respondent is required to enter into Operating Agreements (OAs) with the MSI and SCPs including but not limited to TSS, private cloud, mainframe, print/mail, public cloud, network, and security, and future SCPs should DIR identify them to the Successful Respondent. The Successful Respondent will contribute to the design of these OAs, and will be responsible for implementing, following and responding to these agreements once developed. At a minimum, these OAs will include SCP to SCP agreements that address processes, protocols and communications for:

(i)   Joint operation, issue resolution, and governance of the delivery of Services;

(ii)   Customer support functions for multi-service provider solution requests;

(iii)   Incidents resolution and project management for multi-service provider escalations;

(iv)   Operations management;

(v)   Security matters including active or persistent threats and multi-party response/remediation functions;

(vi)   The Successful Respondent and the MSI and SCPs will acknowledge and agree in the OA that the Successful Respondent will assist and coordinate the delivery of Services to DIR and DCS

Customers. In addition, the Successful Respondent, MSI and SCPs shall each promptly disclose to the other any material difficulties or delays that either experiences in connection with the delivery or operation of the Services;

(vii) Ensuring consistent levels of quality in the DCS environment while providing transparency across all levels of the DCS service provider organization, to DCS Customers, the MSI and DIR;

(viii) Defined and agreed standards of accountability for all involved;

(ix) Documented interdependencies among SCPs for service delivery, including timing, quality and communications standards as to ensure that handoffs or support requirements between the parties are understood, documented, and followed by all parties;

(x) Service terms, conditions, operating hours, response times and escalations; and

(xi) Periodic review and optimization of the OAs based on better practices, lessons learned and DCS Customer feedback. The project team leaders from the Successful Respondent, MSI, and SCPs shall meet regularly, but no less frequently than monthly, during the term of this Agreement, to prioritize tasks, discuss changes and scheduling, identify problems and resolutions, and otherwise coordinate and cooperate in connection with the development and implementation of the Services.

(d) Further, the Successful Respondent will establish Operating Agreements (OA) with both other DCS Service Component Providers and the MSI that the Successful Respondent provides services to, or consumes services from in the overall context of the DCS program as to:

(i) Provide a holistic Service to DCS Customers inclusive of all work, process, communication, and data/report sharing requirements contained herein;

(ii) Minimize, and to the greatest extent possible, eliminate process and communication gaps or overlaps in Service Request management, ITIL processes and Service Delivery processes as to drive a cohesive and well-run Service to DCS Customers and DIR; and

(iii) Ensure participation and success of multi-service provider projects, initiatives, incident and problem resolution within the DCS program where such elements require multi-party participation to deliver a project, resolve an issue or problem, or provide a superior delivery/resolution outcome to DCS Customer(s) and/or DIR as required.

(e) The Successful Respondent will cooperate with DIR in its attempts at transferring, replacing or augmenting the services responsibilities to another provider in a manner in keeping with not adversely affecting the provision of ongoing services and other projects being performed concurrent with this Service.

(f) Due to the nature of the Shared Technology Services program and the integration of SCPs therein, DIR expects that there may be occasions where a SCPs' responsibilities may need to be revised to support the overall success of the program and ensure service continuity. DIR therefore retains the sole right to remove and/or reassign a portion of a SCP's scope as necessary. There may also be an occasion where DIR may ask that a SCP absorb work related to their scope of Services in an effort to provide continuity of service to the program where a gap may be discovered or a change for the betterment of the program may be needed. Should either of these actions be needed, the Successful Provider will work with DIR in good faith to execute those changes through the appropriate contract change request process. It is DIR's intent that the Successful Respondent will perform Services within the Shared Technology Services Program such that all actions support success of the program and prevent negative outcomes for Customers as may be anticipated and prevented by the Successful Respondent.

3.17 Successful Respondent Cooperation

(a) Successful Respondent shall perform the Services in a manner that shall not:

  (i)   disrupt or have an unnecessary adverse impact on the activities or operations of DIR, the DCS Customers, or a DIR Contractor,

  (ii)   degrade the Services then being received by DIR or the DCS Customers, or

  (iii)   disrupt or interfere with the ability of DIR or the DCS Customers to obtain the full benefit of the Services.

(b) Successful Respondent acknowledges that its provision of the Services shall require significant cooperation with third parties, and Successful Respondent shall fully cooperate and work in good faith with third parties as described in this Agreement and to the extent otherwise requested by DIR. DIR and DCS Customer personnel and DIR Contractors shall comply with Successful Respondent's reasonable security and confidentiality requirements and shall, to the extent performing work on Software, Equipment or Systems for which Successful Respondent has operational responsibility, comply with Successful Respondent's reasonable standards, methodologies, and procedures as communicated in writing to such third parties by Successful Respondent.

3.18 Onboarding New Customers

The Successful Respondent will work with the MSI and other SCPs to support their new customer onboarding efforts in accordance with the established SMM and Operating Agreements.

3.19 Performance Guarantee

The continuous operation of the Service and systems provided by the Print, Mail, and Digitization SCP is vital to DCS Customers. For failures affecting critical components causing an interruption of service experienced by any in-scope system (outage), the Successful Respondent must agree to utilize any and all resources to immediately correct the cause of such outage at no additional expense to any impacted DCS Customer(s).

4   Steady State Service Evolution and Optimization Services

4.1   Environment Review and Advisory Services

The Successful Respondent will support DIR, TSS and the MSI in the administration, implementation, optimization, and support of the use of the Service and service elements inclusive of all hardware, devices, tools, operational processes and emerging standards as to support DCS' position with respect to high performance, high quality, and high availability (to the extent contained and as applicable to the work in this Exhibit) Service infrastructure provided by the Successful Respondent in the performance of the contracted responsibilities under this Exhibit.

4.2   Technology Planning and Optimization Roadmap

(a) The Successful Respondent will participate with the TSS and MSI in the development of a multi-year Service evolution plan and roadmap inclusive of all projects, optimization, evolution and transformation initiatives. This review will be designed to ensure that the ongoing use of DCS supports future deployments, stabilization, and extensions into new lines of business and customer groups as well as DCS Customer efforts underway. Additionally, this review will highlight opportunities to leverage DCS support of DIR's mission.

(b) The Technology Plan and Roadmap is an annual Critical Deliverable.

(c) The Successful Respondent will implement the optimization and technology improvements identified in the plan and approved by DIR.

4.2.1 Annual Technology Planning Process

(a) The Successful Respondent shall adhere to the TSS and MSI process and ongoing program management for the establishment, currency, tracking, and publishing of a Technology Plan that incorporates input from DIR, TSS, MSI, DCS Customers, and SCPs and aligns with the governance processes.

(b) This plan will include, but not limited to:

(i)   Consolidation of additional DCS Customers infrastructure from non-consolidated locations (i.e., customer remote offices and regional locations) into the DCS Consolidated Data Centers (CDCs) in part or in full, regarding the overall DCS service footprint;

(ii)   Introduction of new technologies, capabilities, and processes to drive more efficient and secure operations and DCS Customer experiences;

(iii)   Migrate systems and services from DCS legacy environments and DCS Customer locations;

(iv)   Working with TSS, engage with State Higher Education and certain local/municipal government entities for certain DCS services that are attractive or requested by these potential customers;

(v)   Implementation of new Service features and functions including wider deployment and use of DCS services, and extend the safe, secure, and available nature of DCS services to all DCS Customers and DCS Prospects;

(vi)   Retirement of legacy Service elements and platforms where DCS provides similar or superior functional/technical footprints;

(vii)   The automation of manual tasks associated with the Services including leading in the identification, solutioning and planning of MSI and/or Successful Respondent automation opportunities to increase automation, efficiencies and value;

(viii) Proactively identify strategies and approaches for future IT delivery that Successful Respondent believes will provide DIR and DCS Customers with competitive advantages and that may result in increased efficiency, performance, or cost savings; and

(ix)   Evaluate market technology advances for Successful Respondent's tools and technologies that may provide DIR and DCS Customers greater capabilities, performance improvements or improve Service Levels of the DCS environment. Tool selection will be in accordance with DIR and DCS Customers' standards and technical architectures.

4.2.2 Processes, Procedures, Architecture, Standards, and Planning.

(a) As requested by DIR, Successful Respondent, without limiting the obligation of the Parties under **MSA, Section 8.11 Compliance with Laws**, shall assist DIR and the appropriate governance committee (as specified in Article 8 Governance), on an on-going basis in defining:

(i)   the standards, policies, practices, processes, procedures and controls to be adhered to and enforced by Successful Respondent in the performance of the Services, including those identified herein, and

(ii)   the associated IT technologies architectures, standards, products and systems to be provided, operated, managed, supported and/or used by Successful Respondent in connection therewith (collectively, the "DIR Standards").

(b) The Parties acknowledge and agree that, as of the Commencement Date, Successful Respondent is fully informed as to the DIR Standards that have been communicated to it in a manner consistent with **MSA, Section 4.3 DIR Rules/Employee Safety**.

(c) Successful Respondent also shall assist DIR on an annual basis in preparing Technology Plans that include both long-term strategic and short-term implementation plans. The assistance to be provided by Successful Respondent shall include:

(i) active participation with DIR and the appropriate governance committee (as specified in Article 8 Governance), addressing such issues;

(ii) assessments of the then-current DIR Standards at a level of detail sufficient to permit DIR to make informed business decisions;

(iii) analyses of the appropriate direction for such DIR Standards;

(iv) the provision of information to DIR regarding Successful Respondent's technology strategies for its own business;

(v) recommendations regarding standards, processes, procedures and controls and associated technology architectures, standards, products and systems; and

(vi) the provision of current, historical, and forecasted system capacity, performance and utilization metrics at reasonable requested levels of detail.

(d) With respect to each recommendation, Successful Respondent shall provide the following at a level of detail sufficient to permit DIR to make an informed business decision:

(i) the projected cost to DIR and the DCS Customers and cost/benefit analyses;

(ii) the changes, if any, in the personnel and other resources Successful Respondent, DIR and/or the DCS Customers shall require to operate and support the changed environment;

(iii) the resulting impact on the total costs of DIR and the DCS Customers;

(iv) the expected performance, quality, responsiveness, efficiency, reliability, security risks and other service levels; and

(v) general plans and projected time schedules for development and implementation. Any assistance provided by Successful Respondent under this section shall be at no additional fee or charge beyond the Charges specified in **Exhibit 2 Financial Provisions and Pricing** for the Services, unless an additional Charge has been approved by DIR.

(e) DIR shall have final authority to promulgate DIR Standards and Strategic Plans and to modify or grant waivers from such DIR Standards and Strategic Plans. Successful Respondent shall:

(i) comply with and implement the DIR Standards and Strategic Plans in providing the Services;

(ii) work with DIR to enforce the DIR Standards and Strategic Plans;

(iii) modify the Services as and to the extent necessary and on a schedule to conform to such DIR Standards and Strategic Plans; and

(iv) obtain DIR's prior written approval for any deviations from such DIR Standards and Strategic Plans.

4.2.3 Software Currency Requirements

4.2.3.1 Currency of Software

Subject to and in accordance with **Exhibit 2 Pricing**, **Attachment 2.1 Financial Responsibility Matrix**, Successful Respondent shall maintain reasonable currency for Software for which it is financially responsible under this Agreement and provide maintenance and support for Software (including new Upgrades, Major Releases, and Minor Releases) for which it is operationally responsible under this Agreement. At DIR's direction, Successful Respondent shall operate, maintain and support multiple releases or versions of the same Software without any increase in the Monthly Base Charge. In addition, unless otherwise directed by DIR, Successful Respondent shall keep Software within release levels supported by the appropriate third-party vendor to maintain compatibility with other Software or Equipment components of the Systems and of DIR's Retained Systems and Processes.

4.2.3.2   Evaluation and Testing

(a) Prior to installing a new Upgrade, Major Release, or Minor Release, Successful Respondent shall evaluate and test such Software to verify that it shall perform in accordance with this Agreement and the DIR Standards and that it shall not:

(i)   increase DIR's or the DCS Customers' total cost of receiving the Services,

(ii)   have an adverse impact on performance or require changes as described in Section Updates by DIR, or

(iii) violate or be inconsistent with DIR Standards, DCS Technology Plans, or applicable Laws.

(b) The evaluation and testing performed by Successful Respondent shall be at least consistent with the reasonable and accepted industry norms applicable to the performance of such Services and shall be at least as rigorous and comprehensive as the evaluation and testing usually performed by highly qualified SCPs under such circumstances.

4.2.3.3   Updates by DIR

DIR and the DCS Customers have the right, but not the obligation, to install new Upgrades, Major Releases or Minor Releases, replace or otherwise make any other changes to Software for which DIR is financially responsible under this Agreement.

4.2.4 Software Currency Management

Successful Respondent's responsibilities include:

(i)   Automated monitoring currency of hardware and software relative to respective vendor sources resident in each Successful Respondent's technology plan and ensure proper notification is provided to DIR, DCS Customer, and Third-Party Vendors regarding support and software currency plans.

(ii)   Unless otherwise directed by DIR, provide and support Software under Successful Respondent's operational responsibility at the most recently released and generally available version of the Software (the "N" release level).

(iii) As directed by DIR, also support releases as specified in the Financial Responsibility Matrix.

(iv)   Provide support for all Software versions and release levels that exist as of the Effective Date until otherwise directed by DIR.

(v)   Provide monthly reports of upcoming software releases, software renewals and end-of-support notices on affected DCS Customers to the MSI, at least 180 days prior to expirations date.

4.2.5 Technology Adoption and Alignment

The Successful Respondent will provide information in the format required by the MSI to:

(i)   Develop and structure the plan as to coordinate the aggregation of technical planning information from DIR, DCS Customers, Successful Respondent, and SCPs as directed by DIR and include an implementation roadmap, consistent with DIR's business roadmap with estimated timing, in alignment with the Technology Plan, for DIR and DCS Customers; and

(ii)   Provide linkage with technology currency requirements that align with refresh plans (e.g., software version migrations) and include input from DIR to identify candidates and requirements for the deployment of new technology or the automation of tasks associated with the Services and/or DIR's and DCS Customers' business processes.

4.2.6   Technology Standards

The Successful Respondent will research and recommend standard products to the Technology Solution Services (TSS) for adoption into the program.

(i)   Create and regularly (at least every 90 days) update a description of minimum Equipment and Software requirements and specific Equipment and Software that are designated for standard use within DIR (the "Standard Products");

(ii)   Publish and make available the description of Standard Products to Authorized Users as requested by DIR;

(iii)   Provide standards for supporting open source software;

(iv)   Make the description of Standard Products available on the MSI portal;

(v)   Align the Standard Product list with DIR's strategic direction, technical architecture, and refresh strategy;

(vi)   Provide mechanisms and processes to capture feedback and business needs from DCS Customers as to changes in Standard Products;

(vii)   Maintain the Standard Products list on a relational database system, containing links/integration with the Asset Inventory and Management System as necessary and appropriate;

(viii) Maintain all products in use as of Commencement and provide expertise for new standard products as they are added to the program; and

(ix)   Provide recommendations to DCS Governance to retire (over time) Unix environments and consolidate around current (version "N") Linux and Windows standards.

4.2.7   Equipment Implementation and Refresh

Successful Respondent shall be fully responsible for the implementation of new Equipment in the ordinary course of Technology Evolution and Successful Respondent shall Refresh all Equipment in accordance with **MSA, Section 4.9 Change Control** and DIR's Refresh strategies, as set out in the Technology Plan, and as necessary to provide the Services in accordance with the Service Levels and satisfy its other obligations under this Agreement, which in all events shall be not less frequent than the Refresh guidelines set out in **Exhibit 2 Financial Provisions and Pricing**. If Successful Respondent is aware that these strategies differ from generally accepted practice (or there are any other areas of concern in relation to such strategies) it shall provide DIR with notice of that fact and, upon request, provide DIR with further information as to how to more closely align the strategies with generally accepted practice.

4.3   Annual Review of Service Roadmap

(a) In conjunction with regularly scheduled operational meetings with DIR Personnel or a meeting of DCS Governance, and in driving continuous improvement requirements of this Exhibit, the Successful Respondent at least annually will sponsor a meeting to review recent or anticipated industry trends, emerging technologies, technology advancements, alternative processing approaches, new tools, methodologies or business processes (collectively "best practices") that, at DIR's choosing, could optimize the cost, efficiency, computing capacity, server density or otherwise drive efficiencies for both DCS Customers and the Successful Respondent.

NOTE: See **Attachment 1.1 Deliverables** for specific information regarding due dates, timelines, etc.

(b) Throughout the Term, Successful Respondent shall:

(i)   identify and apply best practice techniques, methods and technologies in the performance of the Services;

(ii)   train Successful Respondent-Personnel in the use of new techniques, methods, and technologies that are in general use within Successful Respondent's organization and the IT and business consulting industries; and

(iii) make necessary investments to keep and maintain the Software and other assets used to deliver the Services at the level of currency defined in this Section.

4.4   Obligation to Evolve

(a) Successful Respondent shall identify and propose the implementation of Technology Evolutions that are likely to: (i) improve the efficiency, effectiveness, and growth of the Services (including cost savings); (ii) improve the efficiency, effectiveness, and growth of the processes, services and related functions performed by or for DIR and the DCS Customers; (iii) result in cost savings or revenue increases to DIR and the DCS Customers in areas of their operations outside the Services; and (iv) enhance the ability of DIR and the DCS Customers to conduct their operations and serve their constituencies and customers faster and/or more efficiently than the then-current strategies. Successful Respondent will cause the Services, Software and other assets used to deliver the Services, as approved by DIR, to evolve and to be modified, enhanced, supplemented and replaced as necessary for the Services, Software, and other assets used to deliver the Services to keep current with industry best practices and a level of technology that is:

(i)   compliant with all Laws applicable to the provision and receipt of the Services;

(ii)   used by Successful Respondent and other top-tier IT providers in providing services similar to the Services to other customers; and

(iii) in general use within the IT industry.

(b) Any changes to the Services, Software, and other assets used to deliver the Services implemented in accordance with this Section will be deemed to be included within the scope of the Services to the same extent and in the same manner as if expressly described in this Agreement, at no additional charge to DIR.

4.4.1   Flexibility

The technologies and process strategies Successful Respondent employs to provide the Services shall meet industry standards and shall be flexible enough to allow integration with new technologies or processes, or significant changes in DIR's or a DCS Customer's objectives and strategies. For example, Equipment must have sufficient scalability and be sufficiently modular to allow integration of new technologies without the need to

replace whole, or significant parts of, systems or processes (e.g., made to be a one-to-many model) to enable DIR's and/or the DCS Customers' operations to become more scalable and flexible.

4.4.2   Obligation to Identify Best Practices

Throughout the Term, Successful Respondent shall (1) identify and apply best practice techniques, methods and technologies in the performance of the Services; (2) train Successful Respondent Personnel in the use of new techniques, methods, and technologies that are in general use within Successful Respondent's organization and the IT and business consulting industries; and (3) make necessary investments to keep and maintain the Software and other assets used to deliver the Services at the level of currency defined in this Section.

4.4.3   Successful Respondent Briefings

Successful Respondent will meet with DIR at least once during every 180-day period throughout the Term to inform DIR of: (1) any investments, modifications, enhancements, and improvements that Successful Respondent is required or proposes to make to the Services, Software, and other assets used to deliver the Services pursuant to this Section; (2) new information processing technology or business processes Successful Respondent is developing; (3) any pending or actual changes in Law that could reasonably be expected to affect the provision or receipt of the Services; and (4) technology or process trends and directions of which Successful Respondent is otherwise aware that could reasonably be expected to have an impact on DIR's IT operations or business.

4.5   DIR Requested Projects

4.5.1   Procedures and Performance

Successful Respondent will perform Projects as directed by DIR, in accordance with the terms of this Agreement and the process described in this Section and defined in the SMM. From time to time and at DIR's sole discretion, DIR may request Successful Respondent to perform Projects. DIR may initiate a request for a new Project by providing such request in writing (each such request, a "Project Request") to Successful Respondent. Successful Respondent shall justify to DIR when it has insufficient resources to perform such work, including through reprioritization or rescheduling of Project activities of Successful Respondent Personnel. The Designated DIR Representative will request, define and set the priority for Projects. Successful Respondent shall maintain appropriate continuity of personnel assigned to perform Projects.

4.5.2   Project Work Order

(a) Successful Respondent shall actively support the Demand Management process through development of technical solutions as initiated through Request for Solution procedures. This includes cross-SCP solution development as well as supporting TSS in development of PMD solutions.

(b) Successful Respondent shall, within the timeframe and process specified in the SMM and at no charge to DIR, prepare and deliver to DIR a Solution Proposal Package (SPP), as described below. Each SPP prepared by Successful Respondent will contain the following information:

    (i)   a detailed description of the scope of work to be performed by Successful Respondent to complete and implement the Project, including any required Deliverables;

    (ii)   any specific performance standards that will apply to the completion and implementation of such Project, including Successful Respondent's agreement to meet applicable Service Levels;

(iii) an anticipated schedule for completing and implementing the Project and any related Deliverables, including Milestones and credits for failing to achieve Acceptance of Milestones and Deliverables;

(iv) a description of the Successful Respondent positions that will be assigned to each activity specified in the Project Work Order, including the location of Successful Respondent Personnel assigned to such positions (i.e., onsite, offsite, onshore and sufficient detail to allow DIR to audit the assignment and billings related to such Successful Respondent Personnel;

(v) a description of the Acceptance Criteria and Acceptance Testing procedures to be used by DIR in connection with any Acceptance Testing of such Project and any related Deliverables and Milestones;

(vi) the estimated number of project personnel hours needed to complete the Project;

(vii) one (1) or more fee quotes, based on the following pricing mechanisms:

A. the applicable hourly rate, in accordance with the Rate Card,

B. if the Project consists of multiple units of work for which there are pre-defined one-time Charges, the number of pre-defined work units multiplied by the applicable pre-defined one-time Charge, or

C. if requested by DIR, a fixed fee or other pricing mechanism.

(viii) DIR may, at its option, choose which pricing mechanism will apply to the Project.

(c) Successful Respondent will not commence performing any services in connection with a Project, and DIR will not be responsible for any Charges applicable to such Project, until the Parties have executed the applicable SPP. Any change to an approved Solution Proposal Package will be made pursuant to the Change Control Procedure.

4.5.3   Approval of Projects; DIR and DCS Customer Requests.

The Designated DIR Representative may accept or reject Project proposals in his or her sole discretion. Successful Respondent shall not agree to provide Projects to DIR or any DCS Customers without the prior approval of Designated DIR Representative. DIR shall not be obligated to pay for any Projects not properly authorized by the Designated DIR Representative. Without limiting DIR's other rights under this Agreement or applicable Law, if Successful Respondent fails to comply strictly with this Section, it shall receive no compensation for any services rendered to DIR or any DCS Customer in violation of this Section.

4.5.4   Reprioritization, Termination, and Suspension.

Successful Respondent acknowledges and agrees that DIR will have the right based on valid business reasons to reprioritize, terminate, or suspend any Project at any time upon informing the Successful Respondent Contract Manager. DIR will not be obligated to pay Successful Respondent any additional compensation associated with such action unless the corresponding Project Work Order expressly provides otherwise. If DIR decides to terminate a Project Work Order, Successful Respondent will stop performing the Project work in an orderly manner as of the date specified by DIR, and Successful Respondent will only be entitled to charge DIR for actual performance provided by Successful Respondent for chargeable Project work up to the date specified in DIR's notice.

4.5.5   Additional Work or Reprioritization.

DIR may identify new or additional work activities to be performed by Successful Respondent's Personnel (including work activities that would otherwise be treated as New Services) or reprioritize or reset the schedule for existing Projects and other Services to be performed by Successful Respondent Personnel. Unless otherwise

agreed, DIR shall incur no additional charges to the extent such work activities can be performed by Personnel then assigned to DIR. The Successful Respondent shall use commercially reasonable efforts to perform such work activities without impacting the established schedule for other tasks or the performance of the Services in accordance with the Service Levels. If it is not possible to avoid such an impact, Successful Respondent shall notify DIR in advance of the anticipated impact and obtain DIR's consent, in writing, prior to proceeding with such work activities. DIR, in its sole discretion, may forego or delay such work activities or temporarily adjust the work to be performed by Successful Respondent, the schedules associated therewith or the Service Levels to permit the performance by the Successful Respondent of such work activities.

5   Successful Respondent Personnel Requirements

NOTE: all roles (DIR minimum or otherwise) must be included in the Respondent Staffing Plan as required in this Section. For all DIR roles marked "as required" Respondents are to include (within their proposal) the staffing level required of DIR to ensure that the Successful Respondent project is staffed adequately.

5.1   Key Personnel Staffing

5.1.1   Approval of Key Personnel

The positions designated by DIR to be filled by Key Personnel and the Key Personnel that have been selected and approved by DIR as of the Effective Date are identified in **Attachment 1.5 Key Personnel**. At least thirty (30) days prior to assigning an individual to act as one (1) of the Key Personnel, whether as an initial assignment or a subsequent assignment, Successful Respondent shall notify DIR of the proposed assignment, shall introduce the individual to appropriate DIR representatives, shall provide reasonable opportunity for DIR representatives to interview the individual and shall provide DIR with a resume and such other information about the individual as may be requested by DIR. If DIR in good faith objects to the proposed assignment, the Parties shall attempt to resolve DIR's concerns on a mutually agreeable basis. If the Parties have not been able to resolve DIR's concerns within five (5) DIR Business Days of DIR communicating its concerns, Successful Respondent shall not assign the individual to that position and shall propose to DIR the assignment of another individual of suitable ability and qualifications. DIR may add, delete, or otherwise change the positions to be filled by Key Personnel under this Agreement.

5.1.2   Continuity of Key Personnel

(a) Successful Respondent shall cause each of the Key Personnel initially assigned at execution to devote full time effort to the provision of Services under this Agreement for, at a minimum, twenty-four (24) months post Commencement. Successful Respondent shall cause each subsequent assignment of Key Personnel to devote full time effort to the provision of Services for, at a minimum, the applicable period specified by the Successful Respondent at the time of subsequent assignment, from the date he or she assumes the position in question (provided that, in the case of Key Personnel assigned prior to the Commencement Date, the minimum period shall be measured from the Commencement Date). Successful Respondent shall not transfer, reassign or remove any of the Key Personnel (except as a result of voluntary resignation, involuntary termination for cause, illness, disability, or death) or announce its intention to do so during the minimum period without DIR's prior approval, which DIR may withhold in its reasonable discretion based on its own self-interest. In the event of the voluntary resignation, involuntary termination for cause, illness, disability or death of one (1) of its Key Personnel during or after the specified period, Successful Respondent shall:

(i)   give DIR as much notice as reasonably possible of such development, and

(ii)   expeditiously identify and obtain DIR's approval of a suitable replacement.

(b) In addition, even after the initial twenty-four (24) month assignment period, Successful Respondent shall transfer, reassign, or remove one (1) of its Key Personnel only after:

(i)   giving DIR at least thirty (30) days prior notice of such action (except to the extent such removal involves termination due to cause or performance as defined below),

(ii)   identifying and obtaining DIR's approval of a suitable replacement at least thirty (30) days prior to such transfer, reassignment or removal,

(iii)   providing DIR with a plan describing the steps and training (including knowledge transfer) that Successful Respondent shall perform to transition responsibility to the replacement, and

(iv)   demonstrating to DIR's satisfaction that such action shall not have an adverse impact on Successful Respondent's performance of its obligations under this Agreement.

(c) Unless otherwise agreed, Successful Respondent shall not transfer, reassign, or remove more than one (1) of the Key Personnel in any six (6) month period; provided, however, the foregoing shall not prevent Successful Respondent from terminating a Key Personnel for cause or performance as defined below.

(d) For purposes of this Section cause means disregard of Successful Respondent's rules, insubordination, or misconduct (as defined in Successful Respondent's human resource policies), or criminal conduct, and performance means that the individual's job performance is at a level that would justify dismissal under Successful Respondent's human resources policies.

5.1.3   Retention and Succession

Successful Respondent shall implement and maintain a retention strategy designed to retain Key Personnel on DIR's and the DCS Customers' accounts for the prescribed period, such as retention bonuses. Successful Respondent shall also maintain active succession plans for each of the Key Personnel positions.

5.1.4   Successful Respondent Account Director.

Successful Respondent shall designate a "**Successful Respondent Account Director**" who, unless otherwise agreed by DIR, shall maintain his or her office in Austin, Texas. The Successful Respondent Account Director shall:

(i)   be one (1) of the Key Personnel;

(ii)   be a full-time employee of the Successful Respondent;

(iii)   devote his or her full time and effort to managing the Services;

(iv)   remain in this position for a minimum period of two (2) years from the initial assignment (except as a result of voluntary resignation, involuntary termination for cause, illness, disability, or death);

(v)   serve as the single point of accountability for the Services;

(vi)   be the single point of contact to whom all DIR communications concerning this Agreement may be addressed;

(vii)   have authority to act on behalf of Successful Respondent in all day-to-day matters pertaining to this Agreement;

(viii) have day-to-day responsibility for service delivery, billing and relationship management; and

(ix) have day-to-day responsibility for ensuring customer satisfaction and attainment of all Service Levels.

5.2 Key Personnel Positions

(a) In an effort to foster a mutually supportive and collaborative environment in which the Services are provided in an effective manner that drives value to DCS Customers, the Parties will jointly review certain Key Successful Respondent Management and DIR or DCS Customer-facing positions (collectively "Key Personnel"), including the Successful Respondent Account Representative. "Key Personnel" will include the following at a minimum:

(i) Account Director with overall contract, financial and service delivery accountability for the contract. This position shall have decision making authority for all aspects of the contract. The Account Director shall be dedicated full time to the Successful Respondent's contract, not leveraged to other accounts.

(ii) Service Delivery Director with overall accountability for delivery of the Successful Respondent's requirements. The Service Delivery Director shall be dedicated full time to the Successful Respondent's contract, not leveraged to other accounts.

(iii) Print Services Manager with overall accountability for all print operations and service delivery.

(iv) Mail Services Manager with overall accountability for all mail operations and service delivery.

(v) Digital Services Manager with overall accountability for digitization operations and service delivery.

(vi) Financial Manager with overall accountability for all chargeback, invoicing, billing disputes, pricing, and financial reporting.

(vii) Technical Director with overall accountability for technology planning, optimization, and innovation.

(viii) Transition Director with overall accountability for delivery of the Successful Respondent's contract transition from contract execution through Commencement of services, and through completion and DIR acceptance of all Transition deliverables.

(ix) Other, as the Successful Respondent deems key to the fulfillment of its contract obligations.

(b) Key Personnel shall be committed for twenty-four (24) months minimum from contract execution unless stated otherwise. After twenty-four (24) months, replacement Key Personnel shall be committed for a minimum of twelve (12) months.

(c) The Successful Respondent shall provide a table with information on Key Personnel, including name, title, functional area, percentage dedicated and commitment timeframe. The table shall be maintained by the Successful Respondent and provided to DIR upon request.

(d) Based on DIR's experience with DCS and similar managed services relationships with a variety of leading vendors, The Successful Respondent team (as a team and as individuals) shall be regularly reviewed with regard to several key factors including, but not limited to:

(i) Support of State initiatives including DCS Customer and DCS Prospect adoption of the DCS program and consolidation/standardization initiatives;

(ii) Attainment of high customer satisfaction in Stakeholder (i.e., DCS Customers, DIR, Service Governance and DCS SCPs) communities and, by extension, importantly end-user communities;

(iii)   Creation of a highly integrated, collaborative and mutually supportive delivery of Services under this Exhibit to DIR through the formation of an "integrated team" culture;

(iv)   Adoption, implementation and refinement of a "State First" operating culture that is designed to drive value through the relationship and result in a high-performance working partnership between DIR, DCS Customers and Successful Respondent;

(v)   Incorporation of industry-leading and Successful Respondent best practices in the construction, operation, maintenance and support of DCS while seeking opportunities for continuous refinement and improvement of areas that are directly within the Successful Respondent's scope, those areas where the Successful Respondent has a reliance on DCS Customers and third parties, and areas in the common interest of driving Service efficiency, quality and timeliness (e.g., value).

(e) The Successful Respondent, based on then current requirements, DIR preferences and strategies will assess its delivery team in light of DIR's direction and replace personnel as to align with the then current DIR standards, strategies and evolution roadmap of the in-scope Services within DCS. The Successful Respondent will ensure that the skills, experience, training and certification levels required to perform the Service, within the contracted service levels and volumes are contemporary with DCS Customer need and actively manage - through training, replacement, organizational design and components or other means - as to ensure that its personnel achieve DIR requirements.

5.2.1   Key Personnel Resumes

(a) The Respondent's proposal must identify all Key Service Personnel who will provide services as part of the resulting Agreement. DIR expects the proposed named Key Service Personnel will be available as proposed. Resumes for the proposed candidates must be provided for all Key Service Personnel. Representative resumes are not acceptable. The resumes will be used to supplement the descriptive narrative provided by the Respondent regarding their proposed team.

(b) The resume (two-page limit per resume) of the proposed Key Service Personnel must include:

      (i)   Proposed Candidate's Name.
      (ii)   Proposed role on this Service.
      (iii)   Listings of competed projects (a minimum of two references for each named Key Project Personnel) that are comparable to this Project or required similar skills based on the person's assigned role/responsibility on this Project. Each project listed should include: at a minimum, the beginning and ending dates, client/company name for which the work was performed, client contact information for sponsoring Directors, Managers or equivalent level position (name, phone number, email address, company name, etc.), project title, project description, and a detailed description of the person's role/responsibility on the project.
      (iv)   Education.
      (v)   Professional Licenses/Certifications/Memberships.
      (vi)   Employment History.

5.3   Staffing Requirements

5.3.1   Staffing Matrix/Model

(a) Respondents shall provide a Staffing Plan including the following information:

(i)   An organizational chart including any proposed subcontractors and key management and administrative personnel. All personnel identified as Key Personnel should be identified as part of the organizational chart. The organization chart must identify clear lines of authority and accountability within the organization;

(ii)   A contingency plan that shows the ability to add more staff, if needed, to meet the Project's due date(s);

(iii)   The number of people on site at the CDCs or other facilities at any given time;

(iv)   A statement and a chart that clearly indicates the time commitment of the Respondent's Key Project Personnel.

(b) Respondent must include a statement indicating to what extent, if any, key personnel may work on other projects or assignments that are not related to the Services, during the term of the Contract. DIR may reject any Response that commits the proposed Project Manager or any proposed Project Key Personnel to other projects during the term of the Project, if DIR believes that any such commitment may be detrimental to the Respondent's performance.

(c) DIR reserves the right to identify certain roles proposed by the Successful Respondent as Key Personnel in addition to the Key Personnel that the Successful Respondent identifies.

5.3.2   Ongoing Staff Service Training

(a) The Successful Respondent will design and provide DIR with a formal Knowledge Transfer and Education Service in connection with any new service or new technology of the Successful Respondent's service. Successful Respondent shall:

(i)   Educate and train its operational staff in the use its tools and processes; where appropriate. Successful Respondent shall provide this training to MSI and other SCP staff as required by DIR.

(ii)   Create handover documentation, training, diagnostic scripts, and operational procedures for operations groups for all Services.

(iii)   Provide operational training and documentation for support of Services to Respondent's staff, MSI staff, other SCP staff, DIR, and DCS Customers.

(iv)   Conduct informal information sharing and knowledge transfer services concurrent with the implementation of any Service implementation or release. This knowledge transfer will ensure DCS Customer personnel assigned to support, develop, manage, or operate the Service platform are apprised of the contents of each release, features, functions, known defects and workarounds, and other information to manage and communicate to DIR and DCS Customer leadership (in general) and business stakeholders of the system and DCS Customer functional leaders (specifically) the most effective use of the then current system assets (i.e., the Service element(s), platform(s) and DCS Customer-developed enhancements or extensions).

(v)   Develop materials such as Frequently Asked Questions (FAQs), one-pagers, how-to documents, or other help pages explaining the use of Services, as required. Materials shall comply with MSI publishing requirements as the MSI will publish these materials on its portal.

(vi)   In an SMM, document the process workflow sufficient for the MSI and other SCP system staff to support the use of Successful Respondent's systems and Services to perform operational tasks, including, but not limited to the following tasks: simple configuration updates; moderate configuration updates; systems administration activities; and batch processing.

(b) Concurrently with any DCS Customer production implementation, the Successful Respondent will work with the MSI to develop knowledge articles that highlight specific system support processes, workflows, job aids, and updates arising from the solution implementation.

5.3.3 DCS Customer Training

The Successful Respondent will participate in MSI provided training as directed and support the MSI with training delivery for the Service (in general) and operational aspects of the service elements as to enable their use by DCS Customers. The MSI will determine the extent of Successful Respondent involvement in training delivery in addition to the minimum requirements below. As part of this activity area, the Successful Respondent will:

(i) Work with the MSI in the development, documentation, and delivery of workshops sufficient to prepare trainers and expert users for course delivery by focusing on the process and technical aspects of the training curriculum, including adult learning principles and facilitation techniques

(ii) Develop an approach and plan for DCS Customer support by:
   A. Assisting the MSI in establishing a plan to manage the escalation of questions from training sessions and the communication of answers back out to trainers; and
   B. Working with the MSI to develop an approach and plan for communicating with and training DIR stakeholders and vendors on the implemented modules and new business processes.

5.4 Replacement, Qualifications, and Retention of Successful Respondent Personnel

5.4.1 Sufficiency and Suitability of Personnel

As a material obligation hereunder, Successful Respondent shall assign (or cause to be assigned) sufficient numbers of Successful Respondent Personnel to perform the Services in accordance with this Agreement (including applicable Service Levels), and such Successful Respondent Personnel shall possess suitable competence, ability and qualifications and shall be properly educated and trained for the Services they are to perform. Successful Respondent will maintain the organizational and administrative capacity and capabilities to carry out all Successful Respondent duties and responsibilities, including providing and supporting the Services, under this Agreement. Notwithstanding transfer or turnover of its personnel, or of its agents' or Subcontractors' personnel, Successful Respondent remains obligated to perform all duties and responsibilities, including providing and supporting the Services, without degradation and in accordance with the terms of this Agreement.

5.4.2 Responsibility for Successful Respondent Personnel

(a) Successful Respondent agrees that anyone used by Successful Respondent to fulfill the terms of this Agreement is an employee, agent or Subcontractor of Successful Respondent and remains under Successful Respondent's sole direction and control. In addition, Successful Respondent hereby agrees to be responsible for the following with respect to its employees, agents or Subcontractors:

(i) damages incurred by Successful Respondent Personnel or Subcontractors within the scope of their duties under this Agreement; and

(ii) determination of the hours to be worked and the duties to be performed by Successful Respondent Personnel or Subcontractors.

(b) Successful Respondent agrees and will inform its employees, agents, and Subcontractors that there is no right of action against DIR or any DCS Customer for any duty owed by Successful Respondent pursuant to this Agreement. Successful Respondent expressly agrees that neither DIR nor any DCS Customer assumes any liability for the actions of, or judgments rendered against, the Successful Respondent, its employees, agents, or Subcontractors. DIR's liability to the Successful Respondent's employees, agents, and Subcontractors, if any, will be governed by Chapter 101, Texas Civil Practice & Remedies Code.

5.4.3   Requested Replacement

In the event that DIR determines that the continued assignment of any individual Successful Respondent Personnel (including Key Personnel) to the performance of the Services is not in the best interests of any DCS Customer, then DIR may give Successful Respondent notice to that effect requesting that such Successful Respondent Personnel be replaced. Successful Respondent shall have ten (10) DIR Business Days following DIR's request for removal of such Successful Respondent Personnel in which to investigate the matters forming the basis of such request, correct any deficient performance, and provide DIR with assurances that such deficient performance shall not recur (provided that, if requested to do so by DIR, Successful Respondent shall immediately remove (or cause to be removed) the individual in question from all DIR Facilities pending completion of Successful Respondent's investigation and discussions with DIR). If, following such ten (10) DIR Business Day period, DIR is not satisfied with the results of Successful Respondent's efforts to correct the deficient performance and/or to prevent its recurrence, Successful Respondent shall, as soon as possible, remove and replace such Successful Respondent Personnel with an individual of suitable ability and qualifications, at no additional cost to DIR. Nothing in this provision shall operate or be construed to limit Successful Respondent's responsibility for the acts or omissions of Successful Respondent Personnel or be construed as joint employment of the Successful Respondent Personnel.

5.4.4   Successful Respondent Personnel

(a) Prior to the date any Successful Respondent personnel are assigned to DIR's or any DCS Customer's account, and annually thereafter, background checks (including national fingerprint record checks and drug testing) and/or criminal history investigations of such Successful Respondent personnel specified in the Service Management Manual or the applicable Statement of Work must be performed.

(b) For TDCJ services, Successful Respondent shall, at a minimum:

   (i)   Maintain CJIS compliance with staffing for those staff that support the TDCJ services and have access to Criminal Justice Information.
   (ii)   Should any Successful Respondent personnel not meet CJIS compliance as a result of a background check and/or criminal history investigation, then Successful Respondent shall promptly replace the individual(s) in question.
   (iii) Successful Respondent personnel who do not meet CJIS compliance shall not be assigned to work hereunder on the TDCJ services.
   (iv)   On a case-by-case basis, CJIS background check exceptions may be granted by DIR for Successful Respondent staff as documented in the SMM. Successful Respondent shall submit a written request to DIR explaining the necessity for the exception, duration of the exception, and measures that will be taken by Successful Respondent to ensure mitigation of any associated risk.

(c) Successful Respondent shall be responsible for verifying:

(i) that Successful Respondent personnel are authorized to work in any location in which they are assigned to perform Services, and

(ii) that it has performed pre-hire background investigations, including those described within this Agreement, verifying that Successful Respondent personnel had not been convicted of or accepted responsibility for a felony criminal offense or a misdemeanor involving moral turpitude. If such conviction has occurred, Successful Respondent shall fully advise DIR of the facts and circumstances surrounding the convictions so that DIR may determine if such individual may be permitted to work under this Agreement. Successful Respondent shall maintain policies prohibiting the use of illegal drugs. Successful Respondent represents that the Successful Respondent personnel are not disqualified from performing their assigned work under applicable Laws.

(d) The Successful Respondent shall, at a minimum:

(i) Limit access to and use of data to authorized Successful Respondent personnel only.

(ii) Successful Respondent personnel must have received security clearance and successfully complete a background and criminal history investigation prior to performing contract functions or accessing DIR, DCS Customer Facilities, Systems, Networks or Data.

A. For personnel supporting TDCJ services, Criminal history background checks are to be conducted per Texas Government Code (TGC) Subchapter F, Section 411.1404 and will be in compliance with the then-current versions of the FBI CJIS Security Policy and the FBI CJIS Security Addendum. In addition, an annual background check re-verification is required. Results of the initial background check and all annual reverifications must be documented in the MSI's Security Clearance and Tracking System.

B. Background and criminal history background checks will be performed by the Texas Department of Public Safety and the Texas Department of Criminal Justice. DCS Customers may require additional levels of compliance as per agency regulations and policies. Successful Respondent shall comply with any such additional levels of compliance including but not limited to CJIS.

C. Successful Respondent is responsible for any costs associated with the criminal history background check process.

D. Successful Respondent will establish a process that facilitates the timely submission and resolution of the criminal history background checks, including but not limited to using digital methods to submit necessary criminal history background check requirements.

(e) Implement processes and procedures for tracking Clearances for all Successful Respondent personnel and Third-Party Vendors utilizing the Security Clearance Management System provided by the MSI.

5.5   Location of Services

(a) Services are to be performed at a combination of sites which must include the State of Texas computing locations. Permanent office space in the ADC and SDC is available for Successful Respondent Staff. There is no charge for the use of this space. DIR prefers Successful Respondent staff to be located in ADC or SDC offices.

(b) All services and data must remain within the contiguous United States. Offshore access to any element of the Solution, Service, State specific deliverables, work products, technical details or other data is not permissible under any circumstances.

5.6　Work Location(s) and Successful Respondent Personnel Involvement

(a) The Respondent shall provide a summary of FTE personnel needed for service delivery and space planning considerations in the Proposal document.

(b) FTE time shall represent those hours in direct support of DCS Customer business. In some cases, this number may be less than 100%.

(c) The Respondent's Service Staffing Plan and Time Commitment response must contain the following information:

   (i) An organizational chart including any subcontractors and key management and administrative personnel assigned to this project; and

   (ii) A contingency plan that shows the ability to add more staff if needed to ensure meeting DCS Customer requirements.

(d) The Respondent also must include a statement indicating to what extent, if any, the candidates may work on other projects or assignments during the term of the Contract. DIR may reject any Proposal that commits the proposed Project Manager or any proposed Key Project Personnel to other projects during the term of the Project, if DIR believes that any such commitment may be detrimental to the Respondent's performance.

5.7　Evergreen Service Personnel

(a) Based on DIR's experience with similar managed services relationships with a variety of leading vendors, DIR feels strongly that the Successful Respondent team (as a team and as individuals) should be regularly reviewed regarding several key factors including, but not limited to:

   (i) Enablement of DIR Service-related initiatives;
   (ii) Attainment of high customer satisfaction in Stakeholder DCS Customer communities and by extension and importantly end-user communities;
   (iii) Creation of a highly integrated, collaborative and mutually supportive delivery of Services under this Service to DCS Customers through the formation of an "integrated team" culture;
   (iv) Adoption, implementation and refinement of a "State First" operating culture that is designed to drive value through the relationship and result in a high-performance working partnership between DIR and Successful Respondent; and
   (v) Incorporation of industry-leading and Successful Respondent best practices in the operation, maintenance and support of the Service while seeking opportunities for continuous refinement and improvement of areas that are directly within the Successful Respondent's scope, those areas where the Successful Respondent has a reliance on DIR, the MSI, DCS Customers and third parties, and areas in the common interest of driving Service efficiency, quality and timeliness (e.g., value).

(b) DIR and the Successful Respondent will meet on a regular basis, no less frequently than annually, to review the Successful Respondent's performance (as a team and as individuals) in driving toward these goals and agree to make changes to the number, nature, mix or named Key Personnel as required to improve and enhance the Successful Respondent's position in enabling DIR's attainment of these goals. As a one-time

evaluation, the Successful Respondent and DIR shall review the performance of the entire Successful Respondent team within ninety (90) days of the Effective Date of this Contract as required herein and implement any changes such that the Service is launched with the best possible Successful Respondent team as possible.

(c) Should, for whatever reason, DIR determine based on documented or observed performance that a member (or members) of the Successful Respondent's Key Personnel is operating in a manner inconsistent with these goals, DIR will request a meeting of the Successful Respondent Account Representative and the DCS Administrator (and, if required, the State CIO, Successful Respondent Managing Director, Lead Partner for Public Sector or equivalent) to address localized or endemic failures to meet these goals. Upon receiving this feedback, the Successful Respondent will develop and implement a plan to either realign the performance of the Key Personnel in question or replace them promptly should the situation dictate in accordance with the provisions of this RFO pertaining to replacement personnel.

(d) For the avoidance of doubt, should for whatever reason the DCS Administrator request the replacement of any member of the Successful Respondent Staff, the Successful Respondent shall implement the change on a mutually agreeable schedule.

(e) Should, for any reason described above DIR and Successful Respondent determine that a member of the Successful Respondent Key Personnel need replacement, this replacement shall occur no later than thirty (30) calendar days from DIR's request or as agreed.

5.8   Personnel Experience, Accreditation and Certification Requirements

The Successful Respondent shall be responsible for securing and maintaining staff that meets the minimum education qualifications as described in the Exhibit and possess the stated experience and expertise required to complete the tasks outlined in this RFO.

5.9   Transition Staffing Requirements

The Successful Respondent must ensure an effective and successful transition of Services that ensures the Successful Respondent operations staff are sufficiently trained and prepared to assume operations. The Successful Respondent should ensure that Transition staff are not required to perform transition work post Commencement. Knowledge transfer must be performed such that steady-state operations personnel are prepared to perform Services with minimal to no disruption in performance.

6   Performance Model – Service Level Agreements

(a) As of the Commencement Date (or as otherwise specified), the Successful Respondent will meet or exceed all applicable Service Levels monthly, or as otherwise specified in the specific Service Level. Any Service Level Defaults prior to the Service Level Credit Start Date will not be considered in the evaluation of a Service Delivery Failure.

(b) Key Performance Indicators, Critical Service Levels, Key Service Levels, Operating Measures, One Time Critical Deliverables and Recurring Critical Deliverables may be added or substituted by DIR during the Term. For example, such additions or substitutions may occur in conjunction with changes to the environment and the introduction of new Service, Equipment, Software, or means of Service delivery – provided, however, that where such change is a replacement or upgrade of existing technology, there shall be a presumption of equivalent or improved performance.

6.1   General

6.1.1   General Performance Standards

In addition to the Service Levels contained herein and in **Attachment 1.2 Service Level Matrix,** beginning on the Commencement Date, Successful Respondent shall perform the Services at levels of accuracy, quality, completeness, timeliness, responsiveness, and resource efficiency that are at least equal to those received by DIR and the DCS Customers prior to such date. In addition, Successful Respondent shall perform the Services at levels of accuracy, quality, completeness, timeliness, responsiveness, resource efficiency, and productivity that are at least equal to accepted industry standards of first tier providers of services that are the same as or similar to the Services. The foregoing provisions of this Subsection shall not be deemed to supersede the Service Levels.

6.1.2   Service Level Performance Standards

Beginning on the Commencement Date, Successful Respondent shall perform the Services to meet or exceed the Service Levels set forth in or otherwise in accordance with the Agreement.

6.1.3   Corrective Action Plan

(a) In the event that either (i) DIR reasonably determines that Successful Respondent has failed or is reasonably likely to fail to deliver the Services, or (ii) Successful Respondent has determined that it has failed or is reasonably likely to fail to deliver the Services, then DIR or Successful Respondent, as applicable, will notify the other Party of such failure (a "CAP Notice"). Concurrently with such CAP Notice, Successful Respondent will immediately take steps to mitigate any harmful effects of such failure, promptly (and in any event as soon as reasonably practical) perform a Root Cause Analysis, and prepare a corrective action plan (each a "Corrective Action Plan" or "CAP") with respect to such failure. If in DIR's judgment any such Correction Action Plan is not adequately addressing the failure, Successful Respondent will meet with DIR and its designees in accordance with Article 8 DCS Governance Model. Within thirty (30) calendar days of a CAP Notice, the Successful Respondent will provide DIR with a written plan (the " Corrective Action Plan") for improving the Successful Respondent's performance to address the failure identified in the CAP (CAP Failure Event), which shall include a specific implementation timetable and measurable success criteria. Within thirty (30) calendar days of plan submission, or such other timeframe agreed to by DIR, the Successful Respondent will implement the CAP, which will include making timely and appropriate investments in people, processes and technology. In addition, the Successful Respondent will demonstrate to DIR's reasonable satisfaction that the changes implemented by it have been made in normal operational processes to sustain compliant performance results in the future.

(b) Upon the occurrence of (1) if Successful Respondent has not submitted a Corrective Action Plan within the required thirty (30) days, (2) if the Corrective Action Plan has not, in DIR's judgment; remedied the CAP Failure Event, (3) if the Successful Respondent fails to implement the Service Delivery Corrective Action Plan in the specified timetable or if after the implementation of the Service Delivery Corrective Action Plan performance has not consistently improved, then the Successful Respondent will be liable for a Service Level Credit in an amount equal to one percent (1 %) of the then-current Service Level Invoice Amount (the "CAP Failure Credit"). The CAP Failure Credit will be applied to the monthly invoice until the Successful Respondent has demonstrated effective Service delivery, as evidenced by either:

(i)   no reoccurrence of the Service Level Defaults which triggered the applicable Service Delivery Failure for a rolling three months, or

(ii)   in DIR's judgment, the Successful Respondent has remedied the failure which caused such Service Delivery Failure.

(c) The CAP Failure Credit will not be subject to Earnback (See Table 1: Terms and Definitions). The Successful Respondent acknowledges and agrees that the CAP Failure Credit shall not be deemed or construed to be liquidated damages or a sole and exclusive remedy or in derogation of any other rights and remedies DIR has hereunder or under the Agreement. For purposes of clarity, the CAP Failure Credit is separate from and therefore additive to any other Service Level Credits due in a given month, even if the Service Level Credits are for Service Level Defaults related to the Service Delivery Failure. In no event shall the sum of the CAP Failure Credit and any Service Level Credits credited to DIR with respect to all Service Level Defaults occurring in a single month exceed, in total, the At-Risk Amount.

6.1.4   Additional Remedies

In the event that Successful Respondent fails to identify and resolve any problems that may impede or delay the timely delivery of the Services, without prejudice to DIR's other rights and remedies under the Agreement or at law or equity, Successful Respondent will immediately provide, at its sole cost and expense, all such additional resources as are necessary to identify and resolve any problems that may impede or delay the delivery of the Services. In addition, without prejudice to DIR's other rights and remedies under the Agreement or at law or equity, in the event of a CAP Failure Event, DIR may equitably reduce the Charges set forth in **Exhibit 2** in an amount reasonably estimated by DIR to account for the Services that DIR and/or the DCS Customers are not receiving or did not receive.

6.2   Service Level Credits

Successful Respondent recognizes that DIR is paying Successful Respondent to deliver the Services at specified Service Levels. If Successful Respondent fails to meet such Service Levels, then, in addition to other remedies available to DIR, Successful Respondent shall pay or credit to DIR the Service Level Credits specified in **Attachment 1.2 Service Level Matrix** in recognition of the diminished value of the Services resulting from Successful Respondent's failure to meet the agreed upon level of performance, and not as a penalty. Under no circumstances shall the imposition of Service Level Credits be construed as DIR's sole or exclusive remedy for any failure to meet the Service Levels. Service Level Credits are not counted toward and are not subject to the overall cap on Successful Respondent's liability.

6.3   Shared and Related Service Levels and Types

(a) To clarify how specific Service Levels are intended to be tracked and calculated, individual Service Levels may be generally categorized as one (1) of two (2) types, representing the way individual SCPs and the Successful Respondent are either individually or jointly responsible for the specific Service Level's performance. Service Level Credits assessed against each SCP (or Successful Respondent) will be calculated based on the specific SCP's (or Successful Respondent's) Service Level Invoice Amount, At-Risk Amount, and Allocation of Pool Percentage.

(i)   **Type R (related)**: Type R Service Levels are related measures shared between the Successful Respondent and the MSI or other SCPs. Type R Service Levels for the Successful Respondent are measured in the aggregate, counting events for both the Successful Respondent and the MSI or other SCPs. For the SCP, the Type R Service Level measures a discrete subset of the same pool of events, the subset applicable to that SCP. The definition and descriptions of Type R Service Levels as well as the Service Level targets remain identical in the related agreements

for both the Successful Respondent, the MSI and the applicable SCP(s) during the Term, unless otherwise documented as an exclusion in Service Level Definitions.

(ii) **Type U (unique)**: Type U Service Levels are intended to measure Services that are specific to one (1) SCP's or the Successful Respondent's performance, and therefore are not shared.

(b) The groupings described above are intended to clarify Service Level types for tracking purposes; none of the Successful Respondent's obligations as fully described in the Agreement are limited by these groupings.

6.4   Reporting

(a) Unless otherwise specified, each Key Performance Indicator, Critical Service Level, Key Service Level, Operating Measure, Recurring Critical Deliverable, and One-Time Critical Deliverable shall be measured and reported by DCS Customer and by DIR Shared Technology Service (DCS, MAS, Texas.gov, MSS, etc.) monthly. The Successful Respondent shall provide data to the MSI enabling the MSI to calculate and report Service Level performance. The Successful Respondent shall comply with the MSI's tools, processes, data, and reporting formats. The format, layout, and content of any reports shall be agreed between DIR and the Successful Respondent. The MSI will publish the Successful Respondent's monthly performance reports by the 20th calendar day of each month. Reporting on One-Time Critical Deliverables is only required until all One-Time Critical Deliverables are received and approved by DIR.

(b) The Successful Respondent shall provide DIR with direct, unaltered access to review and audit all raw data collection related to Service Levels.

(c) The Successful Respondent will create and maintain detailed procedure documentation of its Service Level Agreement (SLA) process used to collect SLA data. The process documentation must include quality assurance reviews and verification procedures. The data collection process must be automated to the extent possible, and any manual data collection steps must be clearly documented, verified and auditable. All methods, codes, and automated programs must be documented and provided to DIR for validation and approval. The Successful Respondent must ensure it tests and validates the accuracy and currency of the documentation and collection process on a quarterly basis.

6.4.1   Data and Reports

Successful Respondent shall provide the MSI and DIR with the following ("Reports"):

(i) Data and reports pertaining to the performance of the Services and Successful Respondent's other obligations under this Agreement sufficient to permit the MSI and DIR to monitor and manage Successful Respondent's performance,

(ii) those reports described in **Appendix A Reports** and the SMM in the form and format and at the frequencies provided therein,

(iii) those reports required elsewhere under the terms of this Agreement,

(iv) those reports generated by DIR and the DCS Customers prior to the Commencement Date, and

(v) such additional reports as DIR may identify from time to time to be generated and delivered by Successful Respondent on an ad hoc or periodic basis (all such reports, the "Reports").

6.4.2   Back-Up Documentation

As part of the Services, Successful Respondent shall provide the MSI and DIR with such documentation and other information available to Successful Respondent (including original source documentation and data in its native

format or in an alternative industry-standard format as requested by DIR) as may be requested by DIR from time to time in order to verify the accuracy of the Reports provided by Successful Respondent. In addition, Successful Respondent shall provide DIR with all documentation and other information requested by DIR from time to time to verify that Successful Respondent's performance of the Services is in compliance with the Service Levels and this Agreement.

6.4.3   Correction of Errors

Successful Respondent shall promptly correct any errors or inaccuracies in or with respect to the Service Level performance data and reports as part of the Services and at no additional cost.

6.5   Service Level Default

(a) A Service Level Default occurs when performance for a particular Critical Service Level fails to meet the applicable Minimum Service Level. Service Level Credits shall not apply to Key Service Levels.

(b) In the event of a Service Level Default, the Successful Respondent shall provide DIR credits as defined below:

(c) **Attachment 1.2 Service Level Matrix** describes the information required to calculate a Service Level Credit.

(i)   For each Service Level Default, the Successful Respondent shall pay to DIR, a Service Level Credit that will be computed in accordance with the following formula:

Service Level Credit = A x B x C

Where:

A=The Allocation of the Pool Percentage specified for the Performance Category in which the Service Level Default occurred as shown in **Attachment 1. 2 Service Level Matrix**.

B=The Service Level Credit Allocation Percentage for which the Service Level Default occurred as shown in **Attachment 1.2 Service Level Matrix**.

C=The At-Risk Amount

(ii)   For example, assume that the Successful Respondent fails to meet the Service Level for a Critical Service Level, the Successful Respondent's Service Level Invoice Amount for the month in which the Service Level Default occurred was $100,000 and that the At-Risk Amount is fifteen percent (15%) of these charges.

(iii)   Additionally, assume that Allocation of Pool Percentage for the Performance Category of such Critical Service Level is fifty percent (50%) and that its Service Level Credit Allocation Percentage is forty percent (40%).

(d) The Service Level Credit due to DIR for such Service Level Default would be computed as follows:

A   =50% (the Allocation of Pool Percentage) multiplied by

B   =40% (the Service Level Credit Allocation Percentage) multiplied by

C   =$15,000 (fifteen percent (15%) of $100,000, the Successful Respondent's corresponding Service Level Invoice Amount)

(1) =$3,000 (the amount of the Service Level Credit)

(e) If more than one (1) Service Level Default has occurred in a single month, the sum of the corresponding Service Level Credits shall be credited to DIR.

(f) In no event shall the amount of Service Level Credits credited to DIR with respect to all Service Level Defaults occurring in a single month exceed, in total, the At-Risk Amount.

(g) The total amount of obligated Service Level Credits shall be credited on the following month (i.e., defaults occurring in August shall be included in the September invoice).

(h) The Successful Respondent acknowledges and agrees that the Service Level Credits shall not be deemed or construed to be a sole and exclusive remedy or in derogation of any other rights and remedies DIR has hereunder or under the Agreement.

6.6   Earnback

The Successful Respondent shall have Earnback opportunities with respect to Service Level Credits as follows:

(i)   The Successful Respondent shall earn back fifty percent (50%) of a Service Level Credit for a given Service Level Default when Service Level Performance for the Service Level that experienced a default, meets or exceeds the Service Level Target for each of the three (3) Measurement Windows immediately following the Measurement Window in which the Service Level Default occurred. The remaining fifty percent (50%) may be earned back when Service Level Performance meets or exceeds the Service Level Target for each of the three (3) Measurement Windows following the initial three (3) Measurement Windows and Earnback.

(ii)   Whenever the Successful Respondent is entitled to an Earnback, the Successful Respondent shall include such Earnback as a charge to DIR (indicated as an Earnback) on the same invoice that contains charges for the Measurement Window giving rise to such Earnback and include such information in the Successful Respondent's monthly performance reports.

(iii)   Upon termination or expiration of the Agreement, Service Level Credits issued by the Successful Respondent are no longer subject to Earnback.

6.7   Additions, Modifications, and Deletions of Service Levels

(a) By written notice, DIR may add, modify or delete Key Performance Indicators, Critical Service Levels, Key Service Levels, and Operating Measures as described below.

(b) DIR will provide at least ninety (90) calendar days' notice that additions or deletions to Performance Measures, (which include the movement of Critical Service Levels to Key Service Levels and Key Service Levels to Critical Service Levels), or modifications to Service Level Credit Allocation Percentages for any Critical Service Levels, modifications to Critical Service Levels and Key Service Levels measurement methodologies, or additions or deletions to Recurring Critical Deliverables are to be effective. DIR may send only one (1) such notice (which notice may contain multiple changes) each calendar quarter. Movement of Critical Service Levels to Key Service Levels and Key Service Levels to Critical Service Levels does not constitute creation of new Service Levels.

6.7.1   Additions

DIR may add Service Levels in accordance with Section 6.7 Additions, Modifications, and Deletions of Service Levels. Service Level commitments associated with added Service Levels will be determined as follows:

(i) The Parties shall attempt in good faith to agree on a Service Level commitment using industry standard measures or third-party advisory services (e.g., Gartner Group, Forrester, etc.).

(ii) With respect to this individual Service Level, the period between the Statement of Work (SOW) Commencement Date and the Service Level Effective Date shall be used as a validation period. The Successful Respondent and DIR will review the actual Service Level Performance during this validation period. If the Service Level Performance does not generally meet the Service Level Minimum, the Successful Respondent will create a corrective action plan subject to DIR's approval, and the Parties will extend the validation period (reset the Service Level Effective Date) by a mutually agreed period not to exceed three (3) months. The Successful Respondent will implement the corrective action plan and report on progress to DIR during the extended validation period. This process may be repeated if mutually agreed by the Parties. If the Parties eventually agree that the Services must be changed (e.g., staffing or Restoration time targets) or the Service Level Minimum must be revised, the Parties will enact such agreed changes through the Change Control Procedures.

6.7.2 Modifications

(a) DIR may modify Service Level commitments or measurement methodology in accordance with Section 6.5 Additions, Modifications, and Deletions of Service Levels.

(b) The Successful Respondent may propose modifications to Service Level measurement methodology for DIR approval. Service Level measurement methodology may be modified by updating **Attachment 1.3 Service Level Definitions**.

(c) For any Service Level commitments associated with modified service levels, the Parties shall attempt in good faith to agree on any modifications to current Service Level commitments using industry standard measures or third-party advisory services. In the event the Parties cannot agree on proposed modifications, **MSA, Section 12 Dispute Resolution** applies.

6.7.3 Deletions

DIR may delete Critical Service Levels or Key Service Levels by sending written notice in accordance with Section 6.5 Additions, Modifications, and Deletions of Service Levels.

6.7.4 Impact of Additions and Deletions of Critical Service Levels on Service Level Credit Allocation Percentages

(a) When adding or deleting a Critical Service Level, DIR shall modify the Service Level Credit Allocation Percentages for the Critical Service Levels such that the total Service Level Credit Allocation Percentages for all Critical Service Levels sums to less than or equal to Pool Percentage Available for Allocation.

(b) If DIR adds a Critical Service Level but does not modify the Service Level Credit Allocation Percentages for the Critical Service Levels then, until DIR so modifies such Service Level Credit Allocation Percentages, the Service Level Credit Allocation Percentage for such added Critical Service Level shall be zero (0).

6.7.5 Modifications of Service Level Credit Allocation Percentages for Critical Service Levels

DIR may modify the Service Level Credit Allocation Percentages for any Critical Service Levels by sending written notice in accordance with Section **6.7 Additions, Modifications, and Deletions of Service Levels**. DIR shall modify the Service Level Credit Allocation Percentages for two (2) or more of the Critical Service Levels such that

the sum of the Service Level Credit Allocation Percentages for all Critical Service Levels is less than or equal to the Pool Percentage Available for Allocation.

6.8   Service Delivery Failure: Corrective Action Plan

(a) If three (3) Service Level Defaults for the same Critical Service Level occur in any six (6) month period, then upon such third occurrence, this shall be deemed a "Service Delivery Failure." Within thirty (30) calendar days of a Service Delivery Failure, the Successful Respondent will provide DIR with a written plan (the "Service Delivery Corrective Action Plan (CAP)") for improving the Successful Respondent's performance to address the Service Delivery Failure, which shall include a specific implementation timetable and measurable success criteria. Within thirty (30) calendar days of plan submission, or such other timeframe agreed to by DIR, the Successful Respondent will implement the Service Delivery Corrective Action Plan (CAP), which will include making timely and appropriate investments in people, processes and technology. In addition, the Successful Respondent will demonstrate to DIR's reasonable satisfaction that the changes implemented by it have been made in normal operational processes to sustain compliant performance results in the future.

(b) The Successful Respondent will be liable for a Service Level Credit in an amount equal to one percent (1%) of the then-current Service Level Invoice Amount (the "CAP Failure Credit") upon the occurrence of:

   (i)   a Service Delivery Failure, or
   (ii)   if the Successful Respondent fails to implement the Service Delivery Corrective Action Plan in the specified timetable, or
   (iii)   if after the implementation of the Service Delivery Corrective Action Plan performance has not consistently improved.

(c) The CAP Failure Credit will be applied to the monthly invoice until the Successful Respondent has demonstrated effective Service delivery, as evidenced by either:

   (i)   no reoccurrence of the Service Level Defaults which triggered the applicable Service Delivery Failure for a rolling three (3) months, or
   (ii)   in DIR's judgment, the Successful Respondent has remedied the failure which caused such Service Delivery Failure.

(d) The CAP Failure Credit will not be subject to Earnback. The Successful Respondent acknowledges and agrees that the CAP Failure Credit shall not be deemed or construed to be liquidated damages or a sole and exclusive remedy or in derogation of any other rights and remedies DIR has hereunder or under the Agreement. For purposes of clarity, the CAP Failure Credit is separate from and therefore additive to any other Service Level Credits due in a given month, even if the Service Level Credits are for Service Level Defaults related to the Service Delivery Failure. In no event shall the sum of the CAP Failure Credit and any Service Level Credits credited to DIR with respect to all Service Level Defaults occurring in a single month exceed, in total, the At-Risk Amount.

6.9   Service Level Improvement Plans

(a) If the Successful Respondent fails to meet any Minimum Service Level for a Critical Service Level for any one (1) or more DCS Customers, or for the enterprise as a whole, the Successful Respondent shall follow the MSI's performance management process to provide DIR and DCS Customers' with a written Service Level Improvement Plan (SLIP) per DCS Customer for improving the Successful Respondent's performance to

satisfy the Service Level within thirty calendar (30) days of the failure to meet the Service Level. The objective of a Service Level Improvement Plan is to identify the root cause and formulate corrective actions to move performance to acceptable levels, implement those actions, and to correlate implemented corrective actions with Service Level results. All SLIPs must contain information about the root cause of the Service Level miss and corrective actions. All approved SLIP corrective actions shall be measured in the Corrective Action SLA results. The Successful Respondent will track its progress in implementing the improvement plan, and it will report to Governance the status of such plan. The MSI will initiate a SLIP via the standard Problem Management Process when a Service Level underperforms. The Successful Respondent shall comply with the SLIP.

(b) DIR may also require overall Service Level Improvement Plans for Successful Respondent performance not directly related to an SLA that is impacting service delivery.

(c) Customer SLIPs are not required when the Critical Service Level for the performance period has a low volume of instances where the results missed the minimum. A Customer SLIP will be initiated when the difference between the numerator and the denominator is > **Minimum Miss Threshold**, or, SLA breach occurrences are > **Minimum Miss Frequency** within the Minimum **Miss Frequency Timeframe**. The Minimum Miss Threshold, Minimum Miss Frequency, and Minimum Miss Frequency Timeframe values are defined in the SMM for each Critical Service Level.

6.10   Service Level Escalation Event

(a)   A Service Level Escalation Event occurs, if:

(i)   the Successful Respondent asserts that it has been unable to perform all or a portion of the Services measured by a Type R Service Level solely as a result of the failure by another SCP or the MSI with whom it shares such Type R Service Level to perform obligations specified in the Successful Respondent's agreement with DIR, including its SOWs and the SMM, and

(ii)   the Successful Respondent has performed its own obligations as set forth in the Agreement, including the SOWs and SMM, which actions shall include:

(iii)   immediately notifying DIR, SCP(s) and MSI that such failure may result in a Service Level Default;

(iv)   providing the SCP or MSI with reasonable opportunity to correct such failure to perform and thereby avoid the SCP or MSI non-performance;

(v)   documenting that it has performed its obligations under the Agreement notwithstanding another SCP's or MSI's failure to perform; and

(vi)   notifying DIR that a corrective action has commenced.

(b)   Upon the occurrence of a Service Level Escalation Event, the Successful Respondent may escalate the SCP or MSI failure through the appropriate governance structure for resolution in accordance with Article 8 DCS Governance. If the applicable governance committee has determined that the Successful Respondent has satisfied each of the requirements and obligations set forth above, such resolution shall include excusing the Successful Respondent's performance related to such failure and may include other actions as reasonably determined by DIR including appropriate changes to the SMM.

6.11   Service Level Definitions

Refer to **Attachment 1.2 Service Level Matrix** and **Attachment 1.3 Service Level Definitions and Performance Analytics** for detailed SLA definitions and measurement methodologies.

6.12   Recurring Critical Deliverables

(a) Certain of the Successful Respondent's obligations under the Agreement are periodic obligations to deliver key Recurring Critical Deliverables. Refer to **Attachment 1.2 Service Levels Matrix** for amounts payable and frequency and **Attachment 1.1 Deliverables**. Imposition of a Recurring Critical Deliverables Credit for failure to meet the Recurring Critical Deliverables obligations shall not be subject to or included in the At-Risk Amount. The total amount of Recurring Critical Deliverables Credit that the Successful Respondent will be obligated to pay to DIR shall be reflected on the invoice that contains charges for the month following which the Recurring Critical Deliverables Credits accrued (for example, the amount of Recurring Critical Deliverables Credits payable for failure to deliver any Recurring Critical Deliverable(s) in August shall be set forth in the invoice for September charges issued in October). Under no circumstances shall the imposition of the Recurring Critical Deliverables Credit described above, or DIR's assertion of any other rights hereunder be construed as DIR's sole or exclusive remedy for any failures described hereunder.

(b) DIR may add, modify, or delete Recurring Critical Deliverables by sending written notice, provided that after the implementation of any such addition or modification the aggregate amount of the Recurring Critical Deliverables Credits will not exceed the maximum amount of Recurring Critical Deliverables Credits set forth in **Attachment 1.2 Service Level Matrix**.

6.13   One-Time Critical Deliverables – After Effective Date

Certain of the Successful Respondent's obligations under the Agreement are one-time or periodic obligations to deliver One-Time Critical Deliverables. Refer to **Attachment 1.2 Service Levels Matrix** for amounts payable and frequency and **Attachment 1.1 Deliverables**. Imposition of Deliverable Credits for failure to meet the One-Time Critical Deliverables obligations shall not be subject to or included in the At-Risk Amount. The total amount of Deliverable Credits that the Successful Respondent will be obligated to pay to DIR shall be reflected on the invoice that contains charges for the month following which the Deliverable Credits accrued (for example, the amount of Deliverable Credits payable for failure to deliver any One-Time Critical Deliverable(s) in August shall be set forth in the invoice for September charges).

6.14   Data Collection and Measuring Tools

(a) The Successful Respondent shall propose, and upon DIR's written approval, implement, a data collection methodology for all Service Levels prior to the date upon which the Successful Respondent shall be responsible for Service Level performance. Failure to do so may be deemed a Service Level Default for the Service Level until the Successful Respondent proposes and implements such acceptable data collection. All data collection tools must be integrated with the MSI's performance management and reporting tool.

(b) Tools for new Service Levels will be implemented according to the Change Control Procedures. Upon DIR's written notice approving a proposed alternate or new measurement tool, such tool shall be deemed automatically incorporated into **Attachment 1.3 Service Level Definitions and Performance Analytics** as of the date for completion of implementation set forth in DIR's notification without requirement for an additional written amendment of this Agreement.

(c) If, after the Effective Date or the implementation of tools for new Service Levels, the Successful Respondent desires to use a different data collection tool for a Service Level, the Successful Respondent shall provide written notice to DIR, in which event the Parties will reasonably adjust the measurements as necessary to account for any increased or decreased sensitivity in the new measuring tools; provided that, if the Parties

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cannot agree on the required adjustment, the Successful Respondent will continue to use the data collection tool that had been initially approved by DIR.

(d) It is not anticipated that changes in the data collection tools will drive changes in Service Levels; rather, the need to collect and accurately reflect the performance data should drive the development or change in performance monitoring tools. The Successful Respondent will configure all data collection tools to create an auditable record of each user access to the tool and any actions taken with respect to the data measured by or residing within the tool. All proposed tools must include functionality enabling such creation of an auditable record for all accesses to the tool.

6.15   Percentage Objectives

Certain Service Levels may not be measured against an objective of one hundred percent (100%); for example, time (days, hours, etc.), defects where zero (0) hours/days and zero percent (0%), respectively, are the appropriate objectives. The calculations described in this Section will be modified when appropriate to reflect these objectives.

6.16   Low Volume

Some Service Levels are expressed in terms of achievement of a level of performance over a percentage of items occurring during a Measurement Window. In these instances, if the number of items occurring during a given Measurement Window is less than or equal to one hundred (100), the following algorithm will be used to determine the number of compliant items that Successful Respondent must successfully complete to achieve the Service Level concerned (Minimum Compliant Items), notwithstanding the percentage expressed in **Attachment 1.2 Service Level Matrix** as the target.

    (i)   The number of items occurring during such Measurement Window shall be multiplied by the Service Level Target; and

    (ii)   If the product of that multiplication is not a whole number, then such product shall be truncated to a whole number.

    (iii)   For example, assume that a Service Level states that the Successful Respondent must complete ninety-five percent (95%) of incidents within four (4) hours to achieve this Service Level.

        A.   The following sample calculations illustrate how the above algorithm would function to determine the Minimum Compliant Items (incidents completed within four (4) hours) to achieve this Service Level, in each case given a different number of total incidents occurring during the corresponding Measurement Window:

        B.   If the number of incidents is 100, the Minimum Compliant Items is 95 incidents (100 incidents x 95 percent = 95 incidents).

        C.   If the number of incidents is 99, the Minimum Compliant Items is 94 incidents (99 incidents x 95 percent = 94.05 incidents, truncated to 94).

        D.   If the number of incidents is nine (9), the Minimum Compliant Items is eight (8) incidents (9 incidents x 95 percent = 8.55 incidents, truncated to eight (8)).

Table 6: SLA Translation (Algorithm)

Target	Service Level
Number of Items	Minimum Compliant Items
100	95
90	85

Target	Service Level
Number of Items	Minimum Compliant Items
80	76
70	66
60	57
50	45
40	38
30	28
20	19
10	9

6.17 Service Level Review

6.17.1 Service Levels Review

(a) **Initial Review:** Within six (6) months of the Service Commencement Date or completion of Transition as outlined in this Exhibit, whichever is sooner, or as agreed to by both parties, the Parties will meet to review the initial Service Levels and Successful Respondent's performance and discuss possible modifications to the Service Levels. Any changes to the Service Levels will be only as agreed upon in writing by the Parties.

(b) **Annual Review:** Every year following the Service Commencement Date or completion of Transition as outlined in this Exhibit, the Parties will meet to review the Service Levels and Successful Respondent's performance in the period of time since the prior review and discuss possible modifications to the Service Levels. Any changes to the Service Levels will be managed according to the requirements in Section 6.7 Additions, Modifications, and Deletions of Service Levels.

6.17.2 Temporary Escalation of a Key Service Level to a Critical Service Level

(a) In general, Key Service Levels are considered measurable objectives by DIR and the SLA framework accommodates their treatment and importance to DIR. In the event that Successful Respondent performance is not meeting the established standards and requirements for Key Service Level related items, DIR may determine that a Key Service Level needs to be escalated to a Critical Service Level. The following conditions shall prevail in this escalation:

    (i)   Successful Respondent performance falls below the Minimum Service Level for a Key Service Level for three (3) consecutive months; or

    (ii)   Successful Respondent performance is consistently below the Minimum Service Level for four (4) of any six (6) consecutive months.

(b) Should one (1) or more of these conditions exist, DIR may:

    (i)   Temporarily replace any Critical Service Level of its choosing with the Key Service Level until such time as the below standard SLA is determined to be consistently (i.e., more than three (3) months in a row) performing to standard;

    (ii)   Promote the Key Service Level to a Critical Service Level modify the Service Level Allocation Percentages for the Critical Service Levels such that the total Service Level Credit Allocation Percentages for all Critical Service Levels sums to less than or equal to Pool Percentage Available, until such time as the below standard SLA is determined to be consistently (i.e., more than three (3) months in a row) performing to standard.

(c) At the conclusion of three (3) consecutive months where the escalated Key Service Level is deemed to be performing at or above the Minimum Service Level, DIR may revert the escalated Key Service Level (now a Critical Service Level) back to its Key Service Level.

6.18   Key Performance Indicators

(a) DIR requires Key Performance Indicators (KPIs) calculated on a dynamic, near real-time basis, utilizing the most current data. There will also be a need to report the KPIs on a monthly basis for governance purposes; however, the intent is to provide DIR with continuous updates throughout the month to facilitate strategy around future business direction. Weightings for the Operating Measurements (OM) will be maintained in the SMM.

(b) The qualitative descriptions of the KPIs are set forth in **Attachment 1.3 Service Level Definitions and Performance Analytics**. The strategic objectives and commencement of obligations associated with such Key Performance Indicators are set forth in **Attachment 1.2 Service Level Matrix**. KPIs are not Service Levels and are not subject to Service Level Credits.

(c) DIR's use of KPI's is for the sole purpose of accurately measuring the health of the Shared Services Program and while DIR retains the right to adjust numeric ratings at its sole discretion, DIR will collaborate with the Successful Respondent and SCPs to identify appropriate numeric ratings for the KPIs.

6.19   Operating Measurements

(a) The qualitative descriptions of the OMs are set forth in **Attachment 1.3 Service Level Definitions and Performance Analytics**. These are linked to the KPIs as described in Section 6.7 Additions, Modification, and Deletions of Service Levels and **Attachment 1.3 Service Level Definitions and Performance Analytics**. The business objectives and commencement of obligations associated with such Operating Measurements are set forth in **Attachment 1.2 Service Level Matrix**.

(b) To ensure visibility of progress toward business and strategic objectives, the Successful Respondent will report Operating Measurements.

(c) To ensure the integrated and seamless delivery of the Services, the Successful Respondent is required to report Operating Measurements that measure the dependencies with each SCP.

6.20   Operational Reports

The Successful Respondent's responsibilities include, at a minimum:

(i)   Providing all Reports currently being provided by the Incumbent Successful Respondent, including:

A. Those Reports listed in Appendix A Reports, including those reports contemplated in Appendix A Reports, but not in production;
B. According to the format, content, and frequency as noted in Appendix A Reports;
C. In compliance with report specifications identified in a formal report development process (e.g., requirements, development, test, acceptance, production ready) to be completed for each designated Report prior to the Commencement Date.

(ii)   Providing ad hoc reports as requested by DIR in compliance with processes outlined in the Service Management Manual.

    A.   Where practical provide the capability for DIR and DCS Customers to request Reports based on standard data provided via the Portal.

    B.   Provide capability for DIR or DCS Customer to generate ad hoc reports via the reporting tool.

(iii)   Delivering all Reports requested within other documents that are referenced as requirements in other Exhibits.

(iv)   Modifying the format, content, and frequency of any Report as requested by DIR during the Term, subject to Change Management procedures.

(v)   At a minimum, provide all Reports via the Portal through a real-time web-accessible reporting dashboard.

(vi)   Provide access statistics for Reports presented via the Portal at the request of DIR.

(vii)   Providing soft or hard copies of Reports as requested by DIR.

6.21 Single Incident/Multiple Defaults

If a single incident results in the failure of the Successful Respondent to meet more than one (1) Service Level, DIR shall have the right to select any one (1) of such multiple Service Level Defaults for which it will be entitled to receive a Service Level Credit and will respond to the Successful Respondent's reporting of the multiple Service Level Default and request for selection by notifying the Successful Respondent of the selection within five (5) DIR Business Days. DIR shall not be entitled to a Service Level Credit for each of such Service Level Defaults.

6.22 Exceptions

The Successful Respondent shall not be responsible for a failure to meet any Service Level solely to the extent that such failure is directly attributable to any circumstances that excuse the Successful Respondent's performance in accordance with **MSA, Section 5.2 Savings Clause**.

6.23 Exclusions

Any incidents or requests opened prior to Commencement Date by DIR are excluded from SLA measurements and will be tracked separately.

7 Transformation Projects

7.1 Transformation Principles

While not all the principles set forth below are directly applicable to the Transformational Projects outlined below, the requested Transformation Project(s) are designed to align with Transformational Projects requested of other Service Component Providers in order to drive an overall better service environment for DCS Customers and protects the principles outlined in the sections below.

7.1.1 Customer Engagement and Agility Principles

(a) Evolve DCS to a solution orientation and a driver of positive business outcomes as measured through the eyes of the DCS Customer – driving to a "no wrong door" approach and functioning as a true solution provider (as opposed to a series of infrastructure providers) is essential.

(b) Participate in TSS systems development or migration efforts of DCS Customers that are embarking on application development, consolidation or legacy modernization roadmaps with flexible configuration and deployment of DCS infrastructure to implement these projects.

(c) Work with the DCS TSS provider to help Customers design and specify new systems that leverage standardized DCS infrastructure and services to drive quality projects and rapid adoption of DCS services.

(d) Create an integrated, solution-oriented DCS Customer capability that streamlines onboarding, service request, and service management processes that is expedient, transparent and simple.

(e) Streamline and simplify all elements of DCS that include overly manual and personal knowledge intensive processes and are information/intervention-intensive and replace them with customer self-service and customer experience enabling processes, tools and platforms.

7.1.2   Architecture Principles

(a) The private cloud environment must include advanced virtualization – particularly in the area of Hyper-Converged Infrastructure (HCI) and in the longer-term Software Defined Networks (SDN) and Software Defined Data Center (SDDC). As it relates to the Services in this exhibit - standardization, automation, self-service access, and resource monitoring- are required as to allow DCS to function as a mature private cloud service.

(b) Security must be positioned as one of the main benefits of DCS. DIR and its DCS Customers require a highly collaborative DCS environment that fosters rapid, "right first time" provisioning and Incident/Problem/Change processes across all service elements that remove real or perceived obstacles to cross-cloud networking (within Private Cloud, and between private cloud and public cloud operators).

(c) DCS Customers are increasingly expecting a mature hybrid cloud—no walls between public clouds and on-premise systems contained in this Exhibit.

7.1.3   Service Management and Orchestration Principles

(a) All DCS services, particularly those in this private cloud service, must be designed and operated to provide a single view of the enterprise, including production/non-production and private/public cloud - from a DCS Customer experience perspective - for operations and maintenance, and importantly, from a risk management/security perspective.

(b) The DCS private cloud currently includes some manual and semi-automated methods of asset and Configuration Item ("CI") tracking and management. This Service must enable the MSI in providing a real-time integrated view of DCS for Customers and service providers alike. Over the course of the agreement, the Service must include methods to, in lockstep with advancements in the hacking/malware community, protect DIR assets and data.

(c) The Successful Respondent must include capabilities to ensure that all software – whether production, development, operating or security – is current, licensed, patched and supported regardless of where it is deployed, is a core cost and risk management tool.

7.2   Transformation Projects

(a) DIR has identified an initial transformational project opportunity to be performed, at DIR's option, over the duration of any agreement arising from this Exhibit. DIR may add additional transformation projects at any

time. The scope of these projects may require active participation by DCS Customers, DCS Governance functions, the MSI and other DCS service providers as to affect the required outcomes.

(b) Respondents, as part of their proposal to this Exhibit, must include a complete solution inclusive of all solution execution elements (e.g., hardware, software, services etc.), project timing, target implementation date, and sequencing as well as representative project plans and financial impacts. These plans must convey the sequencing, dependencies and involvement of DIR and DCS Customers, as well as other elements deemed required by the Respondent to drive successful outcomes and high-performance results within the DCS environment. Respondents may sequence or repackage these projects (into smaller initiatives or larger programs) as they see fit as to drive the highest value for DIR and DCS Customers and as to illustrate their capabilities in performing the work.

7.2.1 Transformation Projects: Methodology

The Successful Respondent, in addition to Transformation Project-specific milestones, and their own project execution methodologies, will incorporate all DIR minimum project standards and milestones within the Print, Mail, Digitization Section 7 Transformation Projects.

7.2.2 Transformation Projects: Minimum Standards and Requirements

(a) DIR must be notified of any emergency maintenance activities that must be performed on internal or external components. A mutually approved procedure must be established by DIR and Successful Respondent.

(b) The Successful Respondent must comply with the MSI's project and change management processes and requirements and must include written DIR approval for any change to any element that could adversely impact users of the service (public, State or otherwise), or render a DCS Customer system that utilizes the service unavailable to the system's user community (public, State or otherwise).

(c) All identified or future PMD Transformation Projects or major project initiatives must adhere to the project management delivery requirements as contained in this Exhibit unless otherwise agreed in writing with DIR.

7.2.3 Requirements Confirmation and Analysis Requirements

Any Transformation project requires the Successful Respondent to thoroughly document the business, functional, technical, operating and security requirements and recommend changes that will improve the business processes and requirements of the DCS program. In general, due to their size and involvement requirements of DCS stakeholders, DCS Customers and potentially other DCS SCPs, these projects involve a level of documentation and rigor that lend themselves to a multi-phase type of approach.

7.3 Project 1: Digital Document Management

7.3.1 Digital Document Management System

(a) This optional transformation project is designed to identify, select and implement a document management system for the digital images produced. The system must allow multi-tenant agency users such that each Customer can design, structure and manage its own content. The output of this system is to be used by the agency to optimize their internal operations and not intended for distribution to the agency's constituent customers.

(b) The State seeks to identify, design and implement a solution that provides the following:

(i)   Provides an extensible DCS platform that is image source and target system integration agnostic;

(ii)   Flexible and extensible to address high volume imaging, transaction processing, storage, retrieval and integration requirements of any DCS Customer;

(iii)   Can be implemented in a modular fashion that allows DCS Customers to implement a job at a time;

(iv)   Provides multi-tenant security that ensures confidential content is only accessible to Customer authorized users, and that content across Customers is not shared without Customer authorization;

(v)   Provides DCS Customers the ability to view, copy, email, print, etc. digital images;

(vi)   Provides workflow ability that DCS Customers can customize to meet their operational needs;

(vii)   Provides indexing or folder structures to allow DCS Customers to categorize, file and search for images;

(viii) Provides flexibility and adaptability of the solution to address a variety of image inputs (forms, formats and standards)

(ix)   Provides the ability to migrate and integrate the service into agency systems and processes as well as Texas.gov integration and data representation standards;

(x)   Provides automated capture and index of documents

(xi)   Provides the ability to share and distribute documents seamlessly through email or State systems;

(xii)   The ability to access documents from remote locations via the internet or State private networks;

(xiii) Maintain consistent role-based accessibility rules with security, assisting users in retaining strict control over which documents are available to DCS Customer staff under the provisions of Texas law and Texas data handling and security requirements;

(xiv) Creation and maintenance of secure backup of files and records for disaster recovery purposes on DCS or Successful Respondent provided storage media;

8   DCS Governance Model

8.1   Introduction

(a) The Department of Information Resources (DIR) has established the owner-operator governance model for DIR's current shared technology services programs, which currently include:

(i)   Data Center Services (DCS);

(ii)   Managed Application Services (MAS);

(iii)   Managed Security Services (MSS); and

(iv)   Texas.gov.

(b) This model involves DIR and DCS Customers at all levels in governance decision making, including as representatives on all governance committees. The owner-operator model focuses on resolving issues at the lowest possible level and driving for consensus-based solutions. Where consensus cannot be reached, processes include an escalation path. For greater detail on the owner-operator governance structure; the roles and responsibilities to maintain working relationships between the MSI and other SCPs, and the service management process, see the data room.

(c) The Successful Respondent will participate and work within the DCS Governance model as it relates to the requirements the Agreement.

8.2 Governance: Meetings

8.2.1 Governance

The parties shall comply with the governance and account management provisions set forth herein.

8.2.2 Meetings

During the term of this Agreement, representatives of the Parties shall meet periodically or as requested by DIR to discuss matters arising under this Agreement, including any such meetings provided for in the Transition Plan and the Service Management Manual. During the Transition Period, this may include meetings with DIR, the Incumbent vendor, and other DIR Service Component Providers. Each Party shall bear its own costs in connection with the attendance and participation of such Party's representatives in such meetings.

8.2.3 Member Responsibilities

DIR has invested in the owner-operator governance model as a best practice to promote proactive problem solving and effectively engage DIR, DCS Customers, and SCPs in a collaborative decision-making model. The Successful Respondent is responsible for meeting the requirements of an SCP as they relate to the governance model. The shared responsibilities for DIR, DCS Customers, and SCPs include:

(i) Foster an environment of open and honest communications.
(ii) Actively participate in governance processes, including providing input to issue discussions.
(iii) Proactively enable communications distributed by DIR to enable effective issue resolution.
(iv) Collaborate proactively to identify, report, document, and resolve at the lowest possible level:
   A. Service delivery and performance issues;
   B. Security services program issues;
   C. Contract and financial issues;
   D. Invoice disputes;
   E. Customer relationship and communications issues.
(v) Document escalated issues with an appropriate level of detail to ensure resolution.
(vi) Participate in the development of and compliance with governance process improvement.
(vii) Actively participate in training provided by DIR and others regarding the contract, services, performance, and stakeholder responsibilities.

8.2.4 Membership

DIR and DCS Customers are members of all solution groups and committees. SCP and MSI representatives are fully participating members of the solution groups and committees, except for the Contract and Finance Solution Group where they participate by invitation and do not participate in decision making. On the BELC, SCPs and the MSI participate in solutioning and consensus decision making, but in the rare event that the BELC cannot reach a decision by consensus, DIR and DCS Customer members may vote to reach a decision.

8.2.5 DCS Customer Member Responsibilities

Each DCS Customer partner group selects its representatives for all committees and solution groups. These members represent all the customers in that partner group. Members are expected to be prepared before attending meetings which includes:

(i)   Review all meeting materials in detail, especially partner agency comments, prior to committee meetings.

(ii)   Leverage technical resources from DIR or DCS Customer organization to build solutions.

(iii)   Facilitate effective communication and problem solving to promote resolutions.

(iv)   Communicate with partner groups as needed to prepare to represent their perspectives in discussions (DCS Customer committee members).

(v)   Strive to effectively communicate positions of each DCS Customer (Customer committee members).

8.2.6 Partner Group Responsibilities

DCS Customers who are not on committees have responsibilities to support the process and communicate with their representative. These responsibilities include:

(i)   Resolve operational issues at the lowest possible level through local interfaces with SCPs.

(ii)   Actively participate in review of governance issues to be informed and serve as a substitute at a committee meeting if necessary.

(iii)   Engage and communicate with partner group representatives to support effective representation, issue resolution, and solution development.

(iv)   Establish and maintain strong working relationships with partner group members.

8.2.7 DIR Responsibilities

DIR provides overall leadership and coordination for governance. In this role, DIR's additional responsibilities include:

(i)   Facilitate governance committee meetings and activities, including providing organizational, logistical, and communication support to all committees.

(ii)   Facilitate the issue management process, including developing an issue communication system giving all DCS Customers visibility into all issues.

(iii)   Triage issues and attempt immediate resolution if possible, and route unresolved enterprise issues to appropriate governance committees for resolution.

(iv)   Provide relationship management for customers including serving as a point of escalation for issue resolution.

(v)   Interpret the Agreement from DIR's perspective.

(vi)   Manage financial interactions, processes, and relationships with SCPs.

(vii)   Manage communications.

(viii)   Coordinate ongoing training related to Agreement changes, process changes, and New Services.

(ix)   Perform vendor management and compliance functions including development and execution of Agreement amendments.

8.2.8 SCP and MSI Responsibilities

(a) To enable the governance model, all SCPs have an important role as subject matter experts on technology, solutions, and feasibility. This includes the following responsibilities:

(i)   Engage directly with DCS Customers to resolve their specific operational issues at the local level.

(ii)   Assign empowered subject-matter experts to participate as requested in governance committees to resolve enterprise issues.

(iii)   Research, as necessary, and document SCP perspective for issue resolution papers.

(iv)   Provide timely and accurate data, information, and responses to promote prompt resolution of issues.

(v)   Enable and facilitate use of the issue management process.

(b) The MSI has additional governance responsibilities beyond those of the SCPs, including:

(i)   Providing DIR with the operational intelligence to select appropriate topics, issues and opportunities for meeting agendas.

(ii)   Preparing agendas and presentation material, taking and posting meeting notes.

(iii)   Coordinating issue escalation when multiple SCPs are involved.

(iv)   Coordinating SCPs participation in governance meetings.

(v)   Offering process improvement solutions to reduce the number of escalated issues.

(vi)   Streamlining the issue escalation processes between SCPs.

(vii) Coordinating implementation of decisions and solutions that are approved by the governance committees.

(viii) Posting all governance agendas, presentations, meeting notes, decisions and policies on the Portal.

8.3   Issue Management

(a) Governance committees address two (2) types of decisions:

(i)   Issue resolution.

(ii)   Strategic decisions as per the roles and responsibilities.

(b) Escalated issues may be raised from a DCS Customer, SCP, MSI, or DIR. DIR identifies and presents strategic decisions to governance committees and solution groups. Both decision types are treated the same by the committees:

(i)   All DCS Customers have an opportunity to hear the issue.

(ii)   DIR performs triage and routes unresolved issues to appropriate committees.

(iii)   All DCS Customers and all SCPs have an opportunity to provide their perspective to their partner group in advance of the meeting.

(iv)   DCS Customer committee members will review partner group positions/perspectives to represent their partner entities in the meeting.

(v)   All SCPs can present their position to the committee or solution group.

(vi)   All decision-making agenda items will be broadcast in advance of the meeting.

(vii) After the meeting, decisions will be documented with the issue.

8.3.1   Escalation Process

(a) As noted above, the governance model strives to resolve issues at the operational level. However, not all issues will be resolved at this level, so the governance model includes an escalation process designed to route the issue promptly and efficiently to the appropriate committee for resolution. Most operational issues will be routed to a solution group. however, the ITLC is the first resolver for high profile business, technology, and financial issues.

(b) After the DCS Customer and SCP determine an issue cannot be resolved at the local operational level, the issue is escalated to DIR. DIR triages and makes a further attempt to resolve. If resolution is not reached quickly, then DIR determines the appropriate committee for resolution and coordinates with the DCS Customer Committee chair or co-chair to determine when the issue can be placed on the agenda.

(c) DIR also coordinates with the DCS Customer and SCPs involved in the issue to complete the required documentation for DCS Customer input on the process as follows:

    (i) DIR and the committee chair or co-chair coordinate the distribution of the issue material with the meeting agenda.

    (ii) Meeting agendas and associated material are distributed to DCS Customer IT Directors in advance of the meeting, with approximately five (5) to seven (7) DIR Business Days for DCS Customers to review and provide input to their committee representative and approximately two (2) days for DIR to compile the comments received for distribution to all.

8.3.2 Notice by Successful Respondent

Without limiting its obligations under this Agreement, Successful Respondent shall expeditiously notify DIR when it becomes aware that an act or omission of DIR or DCS Customer personnel or a DIR Contractor shall cause, or has caused, a problem or delay in providing the Services, and shall work with DIR, the DCS Customers and the DIR Contractor to prevent or circumvent such problem or delay. Successful Respondent shall cooperate with DIR, the DCS Customers and DIR Contractors to resolve differences and conflicts arising between the Services and other activities undertaken by DIR, the DCS Customers and DIR Contractors.

8.3.3 Strategic Decision Process

(a) Strategic program decisions may be required by the Agreement (e.g., Technology Plan) and, thus, follow a prescribed timing cycle or they may arise from a technical constraint, opportunity or business need. Regardless of the source, strategic decisions follow a similar process:

    (i) DIR coordinates the development of background materials to explain the decision, implications for the enterprise, and any technical considerations that are relevant. This coordination may include the engagement of DCS Customer or SCP subject matter experts to create materials and complete technical analysis.

    (ii) DIR develops a format for DCS Customer input appropriate for the decision.

(b) DIR and the committee chair or co-chair coordinate the distribution of the issue material with the meeting agenda. Meeting agendas and associated material are distributed to DCS Customer IT Directors in advance of the meeting, with approximately five (5) to seven (7) DIR Business Days for DCS Customers to review and provide input to their committee representative and approximately two (2) days for DIR to compile the comments received for distribution to all.

8.3.4 Decision Documentation

After the committee meeting, DIR documents decisions made and any follow up tasks such as updates to associated artifacts (e.g., SMM). Decisions are posted to the Portal for visibility by all Authorized Users.

9 Cross-Functional Services

9.1 General Operating Model Requirements

(a) DIR contracts with multiple SCPs to deliver shared technology services to DCS Customers. Those services are integrated into a common service delivery model by DIR's MSI. The MSI provides the systems, processes and service delivery oversight necessary to ensure consistent, quality service delivery.

(b) DIR bases its Service Management practices on the Information Technology Infrastructure Library (ITIL). Accordingly, DIR requires that Successful Respondent Service Management practices, which are used to support the Services, be based on the ITIL framework and guidance as provided by the MSI.

9.2 Multi-sourcing Services Integration and Cooperation

Successful Respondent acknowledges and agrees that it will deliver the Services to DIR and DCS Customers in an environment in which there are various other Service Component Providers providing related services to DIR and DCS Customers ("Multi-sourcing Services Environment"). Successful Respondent acknowledges that its provision of the Services in a multi-supplier environment requires significant integration, cooperation, and coordination of processes and procedures with other Service Component Providers. **Attachments 1.2 Service Level Matrix and 1.3 Service Level Definitions and Performance Analytics** specifies certain Service Levels and obligations to DIR and DCS Customers related to the provision of the Services in a multi-supplier environment.

9.3 Shared Technology Services Documentation – Service Management Manual

(a) All documentation maintained by the Successful Respondent shall be subject to approval by DIR and will conform to the documentation standards and format provided by the MSI and agreed upon between DIR and the Successful Respondent. The Successful Respondent shall develop documentation in accordance with this Section. All documentation must be posted and maintained on the MSI-managed DCS Portal.

(b) The Successful Respondent shall, at a minimum:

    (i) Ensure that Successful Respondent's operational procedures and documentation related to the Services is up to date, accurate, and posted on the MSI's Portal.
        A. Link Systems documentation to architectural standards.
        B. Identify DIR Data to the associated System(s) and the associated security risk classification.
        C. Provide architecture and design documentation for Systems and Services managed by Successful Respondent.
    (ii) Develop and maintain documentation on all Operations procedures, Services, Equipment, and Software for which Successful Respondent is responsible. Documentation shall be based on ITIL guidance to enable consistent management of process-driven IT services across a variable number of environments and among DCS SCPs.
    (iii) Make all documentation available electronically on the MSI portal.
    (iv) Validate documentation annually for completeness and accuracy in accordance with MSI SMM review cycle, and verify that all documentation is present, organized, readable, and updated in accordance with agreed upon schedule.
    (v) Participate in MSI review of operational documentation validation, including reporting any findings to DIR and DCS Customers on a scheduled basis. Where it is determined that

documentation is inaccurate (e.g., erroneous or out of date), correct and replace such documentation.

(vi)   Update the SMM according to schedule described for the Critical Deliverables.

(vii)   Ensure that ITIL-based processes effectively integrate with the processes, functions and roles deployed within and used by DIR and DCS Customers and other DCS SCPs.

(viii)   Develop and support required Application Program Interfaces (APIs) to integrate and automate provisioning, automated build, and decommissioning activities.

(ix)   Design processes to enable the effective monitoring and reporting of the IT services in a Multi-Supplier Environment.

(x)   Ensure that enterprise processes (e.g., Change Management, Configuration Management, Problem Management) are followed across the SCPs, Subcontractors, and Third Party Vendor(s) processes.

(xi)   Coordinate the execution of all the processes across the Successful Respondent in order that all the individual components that make up the IT Services are managed in an end-to-end manner.

9.4   Marketplace and Portal Requirements

(a) The Successful Respondent must leverage the MSI-provided Portal (Portal) to provide integrated DIR and DCS Customer solutions, communications, and reporting. Reporting functions and specific operational reports are defined in **Appendix A Reports**.

(b) The Successful Respondent shall, at a minimum:

(i)   Follow established MSI policies and procedures to ensure secure access to the MSI's DCS Portal, including identifying and working with MSI to resolve access issues.

(ii)   Provide the MSI via direct data feed or system integration where possible with the reports and communication content to be posted, including but not limited to the following:
A. Processes;
B. Documentation;
C. Reports;
D. Operational intelligence;
E. Portal broadcast communications;
F. DIR Shared Services tool links; and
G. Information pertaining to the delivery of Services

(iii)   Develop and support Marketplace capabilities with API and automation to provide customers with the ability to provision, modify, and decommission services and technology

(iv)   Provide reports and communication content in the format and design standards required of the MSI's online portal and validate that content has been posted via MSI-provided secure access to the Portal.

(v)   Leverage the Portal to access, update, and maintain DIR Shared Services documentation, including the following:
A. SMM;
B. Enterprise Policies;
C. Enterprise Standards and Reference Architectures;
D. Knowledge objects of Services;
E. Known errors and workarounds;

F. Training content;

G. Service Offering descriptions;

H. Frequently Asked Questions (FAQs); and

I. Similar documentation for the Successful Respondent's organization as well as from other SCPs as specified by DIR.

(vi) Adhere to established policies, procedures, and processes as documented in the SMM.

9.5 MSI Tools and Operating Environment

(a) The MSI provides a digital tool and integration platform for all DCS and Shared Services providers to utilize in the delivery of services to Customers. Conceptually, this platform is as follows:

Figure 1: Digital MSI Tool and Integration Platform
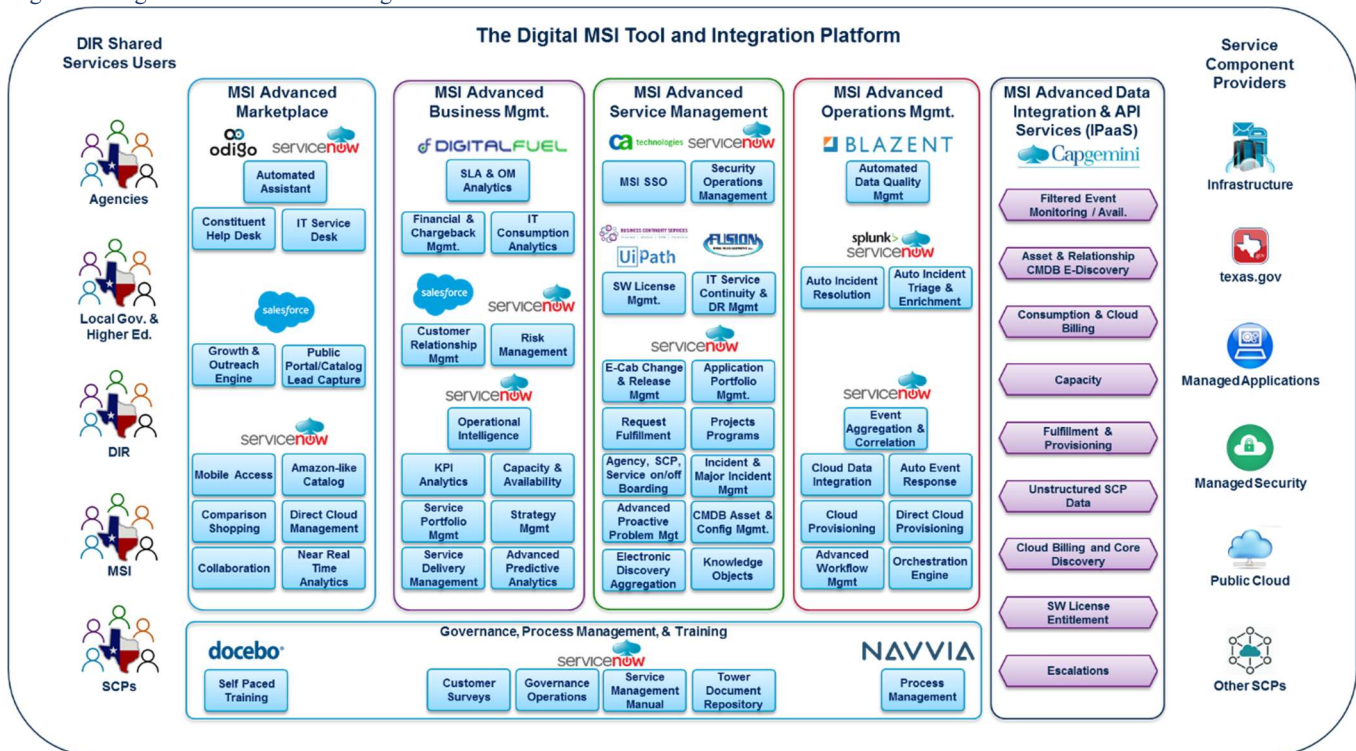
(b) The foundation of this platform is the **ServiceNow** cloud-based platform which delivers on the requirements of DIR and the MSI and provides efficient scalability and flexibility to serve the State of Texas.

(c) Beyond ServiceNow, leading toolsets to fill in functions that are not currently resident in the ServiceNow platform to offer a complete operating environment that is based on ITIL and ITSM standards. This platform will continue to evolve in a plug and play fashion for the foreseeable future.

(d) The MSI toolset also includes:

(i) **SalesForce.com** as the primary platform for the new DIR Growth and Outreach function;

(ii) **Odigo** for the IT Service Desk and the new Citizen Help Desk Automation associated with Texas.gov and future "citizen centric" services;

(iii) **Digital Fuel** for Financial Management, Chargeback, and SLA Reporting;

(iv) **CA Technologies** for the Digital MSI SSO Identity and Access Management Services;

(v) **BCS and UI Path** for Software License Compliance functions;

(vi)   **Blazent** for Data Quality Management;

(vii)   **Splunk** to capture un-structured data primarily from SCPs to aid in analysis and to use for Machine Learning data sets for identifying patterns that can be indicators of future incidents or outages;

(viii) **MSI-specific IPaaS** which will serve as the integration platform as an enabler for deeper and faster API integration with SCPs;

(ix)   **Docebo** as the Learning Management Platform for the Digital MSI education functions;

(x)   **Fusion Risk Management** for Disaster Recovery enablement; and

(xi)   Risk Management within the portal serves as a vital management approach for the overall Program, through identification and management of risk mitigation.

9.6   Service Catalog Management

The MSI provides the Service Catalog tool for DCS Customers to request Services from the Successful Respondent. The Successful Respondent shall, at a minimum:

(i)   Coordinate with the MSI to ensure automated integration of Successful Respondent Services into the Service Catalog, including integrating Successful Respondent fulfilment system with the Service Catalog (if applicable).

(ii)   Work with the MSI to categorize and normalize Service Catalog content, including the following:
   A. Type of service.
   B. Configuration type
   C. Equipment or software type.
   D. User eligibility in order to enable multiple selection, searching, and presentation views.

(iii)   Work with the MSI to document and update Service descriptions and dependencies.

(iv)   Participate, through the MSI, in regular communications with DIR and DCS Customers on updates to the Service Catalog.

(v)   Respond to Service Catalog requests in accordance with defined processes and Service Level Agreements (SLAs).

9.7   Customer Satisfaction Surveys

(a) The MSI will have responsibility for coordinating the development, maintenance, and execution of the surveys with DIR within the established Governance model. The MSI will develop the mechanism, facilitate responses, tabulate results and report results back to DIR and DCS Customers as part of an ongoing program for measuring customer satisfaction.

(b) DIR will have overall review and approval of the customer satisfaction surveys, to include input and approval of the survey recipients, the survey methodology, and the survey questions.

(c) The Successful Respondent shall support the MSI in accordance with the established SMM. See Critical Deliverable Annual Customer Satisfaction Improvement Plan for the description and acceptance criteria.

9.8   Service Management Requirements

(a) DIR expects that the Successful Respondent follow design and implementation principles which will be, to the extent applicable, ITIL compatible. Successful Respondent shall align its design and delivery of services with ITIL concepts and techniques for managing the DCS network environment and integrate service

management and reporting via the MSI operating model and systems. It is expected that Respondents identify where their service delivery model differs from the ITIL framework.

(b) Respondents are advised that the DCS team and Customer-facing functions have been operating under and have been trained on ITIL principles and processes through the MSI's training program. Therefore, Respondents are not required to propose ITIL training as part of their response.

(c) The Successful Respondent will design and implement the Service as to ensure the appropriate Service elements both integrate with and enable the areas listed below. NOTE: These Cross-Functional Service elements are listed in full for the Shared Technology Services Program. DIR may determine some areas as not applicable for the Managed DCS Network.

(d) The MSI Service Desk handles tier 1 support for incidents, problems and questions as well as providing support and interfaces for other activities such as:

   (i)   Change requests;
   (ii)   Maintenance contracts;
   (iii)   Software licenses;
   (iv)   Service level management;
   (v)   Configuration management;
   (vi)   Availability management;
   (vii)   Financial management;
   (viii) Application management; and
   (ix)   IT Services continuity management.

9.8.1   Incident Management

(a) Successful Respondent shall, at a minimum:

   (i)   Provide Incident Management Services in the form of tier 2 support and tier 3 support. Incident Management is separate and distinct from Security Incident Management.
   (ii)   Provide knowledge capture and transfer regarding Incident resolution procedures to support the objective of increasing the number of Incidents capable of being resolved by tier 1 support.
   (iii)   Comply with MSI policies and procedures for Incident Management as documented in the SMM.
   (iv)   Coordinate with the MSI to develop and approve Successful Respondent-related Incident Management content in the MSI-managed SMM.
   (v)   Utilize the Incident Management System provided by the MSI for all information related to an Incident.
   (vi)   Provide for training on processes and tools for Incidents and escalations to Successful Respondent Incident Management staff and other relevant resources involved with responding to Incidents.
   (vii)   Resolve Incidents in accordance with the SMM, knowledge database documents, and configuration database(s).
   (viii) Identify and classify Incident severity and handle according to agreed-upon Incident response procedures and assume end-to-end responsibility.
   (ix)   Escalate Incidents in accordance with the SMM, knowledge database documents, and configuration database(s).

(x)   Provide tier 2 support and tier 3 support.

(xi)   Support bringing technical resources and any third-party resources onto MSI led troubleshooting calls as needed and requested.

(xii)   Participate in Incident review sessions.

(xiii) Update the progress of an Incident's resolution within the MSI tracking systems through to final closure.

(xiv)   Verify that all records (e.g., inventory, asset and configuration management records) are updated to reflect completed and resolved Incidents.

(xv)   Document solutions to resolved Incidents in MSI-managed central knowledge base. Accurately update all information pertinent to trouble ticket including general verbiage, codes, etc.

(xvi)   Determine if an Incident should initiate a Problem investigation (e.g., whether preventive action is necessary to avoid Incident recurrence) and, in conjunction with the appropriate support tier, raise a Problem record to initiate action.

(xvii) Conduct follow-up with DCS Customer representative who reported the Incident to verify the Incident was resolved to their satisfaction.

(xviii) Integrate the Successful Respondent's Incident Management process with the other service management processes, especially Problem Management, Configuration Management, Service Level Management, and Change Management.

(xix)   The Successful Respondent shall utilize the Incident Management System provided by the MSI and integrate such with their Incident Management processes, providing a level of detail that allows for a set of Incident Resolution diagnostics.

(b) The MSI shall provide the systems, processes and service delivery oversight necessary to ensure consistent, quality service delivery.

9.8.2   Problem Management

The Successful Respondent shall, at a minimum:

(i)   Provide Problem Management Services in coordination with the MSI Problem Management structure to minimize the adverse impact of Incidents on DCS Customer's business operations.

(ii)   Cooperate with the MSI to provide reactive Problem Management Services by diagnosing and solving Problems in response to one or more Incidents that have been reported through Incident Management.

(iii)   Provide proactive Problem Management to identify and solve Problems and known errors before Incidents occur, including:

    A. performing predictive analysis activities, where practical, to identify potential future Problems,

    B. develop recommended mitigation plans, and

    C. implement approved corrective mitigation actions and processes.

(iv)   Maintain, update, and disseminate information about Problems and the appropriate workarounds and resolutions to reduce the number and impact of Incidents.

(v)   Provide Problem Management Services for all Problems that are determined to be related to the in-scope Services.

(vi)   Implement resolutions to Problems through the appropriate control procedures, especially Change management, as well as coordinating Problem Management activities with the various teams within Successful Respondent.

(vii)   Coordinate with the MSI to develop and implement processes for Problem Management and root cause analysis (RCA).

(viii) Participate in Problem Management review meetings.

(ix)   Use and update the Problem Management knowledge database managed by the MSI.

(x)   Perform Problem Management activities as set forth in the SMM.

(xi)   Coordinate and take responsibility of Problem Management activities of all Problems that reside in Successful Respondent's area of responsibility (e.g., detection, logging, RCA, etc.).

(xii)   Conduct proactive trend analysis of Incidents and Problems to identify recurring situations that are or may be indicative of future Problems and points of failure.

(xiii) Develop and recommend corrective actions or solutions to address recurring Incidents and Problems or failures, as well as mitigation strategies and actions to avert potential Problems identified through trend analysis.

(xiv)   Identify, develop, document (in the MSI Problem Management tool), and recommend appropriate workarounds for known errors of unresolved Problems.

(xv)   Create documentation with recommended corrective actions to resolve a Problem and submit to Change management for review and approval using the MSI provided tool.

9.8.3   Change Management

The Successful Respondent shall, at a minimum:

(i)   Perform Change Management Services utilizing standardized methods and procedures as defined in the SMM to provide efficient and prompt handling of all Changes.

(ii)   Assist DCS Customer, DCS SCP, or MSI in creating the schedule for any Changes and implementing such Changes.

(iii)   Assist MSI to refine and improve upon Change Management processes and training requirements including CAB composition, activities, and the financial, technical, and business approval authorities appropriate to DCS Customer requirements.

(iv)   Comply with MSI Change Management processes and training requirements as set forth in the SMM.

(v)   Review and approve refinements to Change Management processes and training requirements.

(vi)   Provide necessary information to DCS Customer, DCS SCP, or MSI as required to assist in documenting all Request for Change's (RFCs), which could include Change cost, risk impact assessment, and system(s) security considerations.

(vii)   Perform maintenance during regular Maintenance Periods as defined in the SMM, or as scheduled in advance with the approval of DCS Customer, DCS SCP or MSI as appropriate.

(viii) Provide Change documentation, as required, to the MSI, including proposed metrics on how effectiveness of the Change might be measured.

(ix)   As requested, participate in traditional or digital CAB meetings and workflow to review planned Changes and results of Changes made.

(x)   Utilize the Change Management System, tools, and processes of the MSI for the efficient and effective handling of all Changes, including the CAB, subject to approval from DCS Customer, DCS SCPs, or MSI as appropriate, in a way that minimizes risk exposure and maximizes availability of the Services.

9.8.4 Configuration Management

(a) The Successful Respondent will perform Configuration Management to provide a logical model of the IT infrastructure managed by the Successful Respondent to identify, control, maintain, and verify information related to all Configuration Items that enable the Successful Respondent's Services. The MSI consolidates information from multiple Service Component Provider Configuration Management Databases (CMDBs) that contain details of CIs used in the provision, support, and management of IT services.

(b) The Successful Respondent shall, at a minimum and as defined in the SMM:

(i) Actively participate with the MSI to develop and document Configuration Management processes, as approved by DIR, that document the objectives, scope, and principles that ensure the success of the Configuration Management processes.

(ii) Integrate Successful Respondent's Configuration Management process with the MSI's Configuration Management process and systems, including providing Successful Respondent Configuration data electronically to MSI's Configuration Management System (CMS)/CMDB in the agreed data format.

(iii) Communicate and coordinate the Configuration Management processes and policies within its organization.

(iv) Actively cooperate in information exchange between and among the SCPs, MSI, DIR and DCS Customer to improve end-to-end Configuration Management.

(v) Work with the MSI to provide a complete Configuration Management audit trail to meet DIR and DCS Customer legislative and policy requirements.

(vi) Conform operations to policies and procedures that set the objectives, scope, and principles that ensure the success of the Configuration Management process.

(vii) Work with the MSI in establishing categorization and classification structures to ensure the proper documentation and maintenance of CIs.

(viii) Use the Configuration Management process to identify, control, maintain, and verify the CIs approved by the MSI as comprising the Equipment, Software, and Applications to provide the Services.

(ix) Record all Successful Respondent's CI information including, but not limited to, equipment, software, software, services, and equipment.

(x) Verify that all CIs supporting the Successful Respondent's Services including Equipment, Software, and Services are incorporated into the CMDB.

(xi) Utilize the CMDB provided by the MSI as the single source of information regarding all CIs within Successful Respondent scope.

(xii) Ensure that all configuration data related to the Services resides in the CMDB.

(xiii) Integrate the Successful Respondent's other systems, including all appropriate and required licenses and/or interface with the MSI's Configuration Management System (CMS).

(xiv) Where Successful Respondent has an internal CMS, integrate that system with the MSI CMS as required.

(xv) Where Successful Respondent has an internal CMDB integrate that database with the MSI CMDB.

(xvi) Provide customization as required to enable the Configuration Management processes as defined in the SMM.

(xvii) Automate processes, discovery tools, inventory and validation tools, enterprise systems and network management tools, etc. to provide electronic asset and configuration management data as required to the MSI.

(xviii) Comply with existing and established SMM processes.

9.8.5   Capacity Management

(a) Capacity Management assesses the current operations and future demands, pre-empting performance issues by taking the necessary actions before they occur.

(b) The Successful Respondent shall, at a minimum:

(i)   Integrate Successful Respondent Capacity Management process and agreed data with the MSI's Capacity Management process and systems, including providing Successful Respondent Capacity data electronically to MSI's Capacity Management System in the agreed data format.

(ii)   Project future supported Service trends and capacity requirements in conjunction with provided capacity usage reports, suggest new projects or efforts as it pertains to the Services.

(iii) Seek authorization to purchase additional capacity for any Service resource that has reached critical usage levels and is impacting Successful Respondent's ability to provide the Services.

(iv)   Review supported Service performance and capacity and throughput for new applications and DCS Customer deployments before promotion into the production environment to preempt the resolution of any potential overcapacity situations.

(v)   Communicate and coordinate the Capacity Management processes and policies within Successful Respondent's organization.

(vi)   Actively cooperate in information exchange between and among the SCPs, MSI, DIR and DCS Customer to improve end-to-end Capacity Management.

(vii) Provide the means to automatically aggregate resource and system performance, system utilization, capacity limits for Successful Respondent Services and provide electronically to the MSI in an agreed format and frequency.

(viii) Provide the means to automatically calculate and forecast Successful Respondent Services capacity requirements through trending of collected data anticipating capacity needs.

(ix)   In an automated manner, aggregate capacity information including current capacity and utilization, trends, issues and actions at the DCS Customer and Services level.

(x)   Initiate Incident Management, Problem Management or Request Management activities as needed to address Capacity Management issues and trends.

(xi)   Action and track agreed capacity mitigations through associated Incidents, service requests, changes or projects using the MSI provided systems.

(xii) Participate and contribute to Capacity Management meetings.

(xiii) Incorporate appropriate capacity modeling to extrapolate forecasts of growth and other changes in response to projected DCS Customer business and operational needs.

(xiv) Provide meaningful Capacity Planning input to the MSI-coordinated Capacity Plan.

(xv)   Provide meaningful Capacity Planning input to the Technology Plan to develop requirements for long-range planning.

(xvi) Provide meaningful Capacity Planning input to the Refresh Plan to ensure Refresh and Technical Currency.

9.8.6   Refresh and Technical Currency

(a) The Successful Respondent will work with the MSI to ensure that refreshes of both hardware and software are done as scheduled and technical currency is maintained in the Services. The Annual Refresh Plan is required as a Critical Deliverable, as defined in **Attachment 1.1 Deliverables.**

(b) Successful Respondent's responsibilities include:

(i)   Work with TSS, DCS SCPs and DCS Customers to ensure service components align with the DCS standard hardware and software platforms as described in the DCS Standard Configurations.

(ii)   Upgrade and replace Equipment and Software (Refresh) as required in the Financial Responsibility Matrix throughout the Term, for purposes that include meeting DIR's and DCS Customers' business requirements. preventing technological obsolescence or failure; and accommodating volume changes, the ability to increase efficiency, the ability to lower costs, and/or the need to maintain the required Third-Party Vendor support.

(iii)   Cooperate and coordinate on-going Refresh activities with the full Refresh Program at the direction of the MSI and in alignment with DCS Customer application upgrade activity.

(iv)   Deploy Equipment and Software associated with any Refresh in accordance with the standards of DIR's technical architecture and the Technology Plan.

(v)   Accommodate the timeframes and other requirements associated with Refresh, as well as the financial responsibility for the underlying assets, as provided in the Financial Responsibility Matrix.

(vi)   DIR reserves the right to modify the Refresh timeframes and requirements during the Term based on its business requirements, subject to the Change Control procedures.

(vii)   Cooperate, report, and support the management of Refresh Responsibilities by the MSI.

(viii)   Where the Successful Respondent is financially responsible for Equipment and Software used in conjunction with the Services, as listed in the Financial Responsibility Matrix, Successful Respondent's responsibilities include:

    A.   Refresh the assets during the Term, including responsibility for the assets, the implementation, and ongoing support.

    B.   At a minimum and/or in the absence of a defined Refresh timeframe, maintain technical currency in accordance with Industry Standards.

(ix)   Where DIR, SCPs or Customers are financially responsible for Equipment and Software used in conjunction with the Services, the Successful Respondent will implement and support the new assets provided by DIR.

(x)   Regardless of the ownership of underlying assets, Successful Respondent responsibilities include:

(xi)   Provide personnel who are adequately trained in the use of the Equipment or Software to be deployed as part of the Refresh and provide such training prior to the Refresh.

(xii)   Provide minimal disruption to DIR's and Customers' business operations associated with technology Refresh.

(xiii)   Use best practices and effective automation tools during Refresh deployment.

(xiv)   Perform all Changes to Equipment and Software in accordance with Change Management procedures.

9.8.7 Refresh Planning

The Successful Respondent will work with the MSI to ensure refresh planning is consistently done and in compliance with processes outlined in the Service Management Manual. Successful Respondent's responsibilities include:

(i) Develop a continual plan for Refresh, including:
   A. Within one-hundred and twenty (120) days prior to, and no less than 10 business days ahead of DIR's annual planning process meetings, review the asset inventory and produce a report that lists the assets that are due to be refreshed in the upcoming plan year, and provide such report to DIR's annual planning process.
   B. Cooperate and participate in the planning activities led by the MSI.
(ii) Successful Respondent and DIR will consider the usability of the assets and review alternatives to replace, re-lease, consolidate, or retain the assets. Based on the results of this review, Successful Respondent will deliver the initial recommendations regarding such assets to DIR within thirty (30) days after the review.
(iii) For Successful Respondent-owned assets, Successful Respondent and DIR will mutually determine whether Successful Respondent will replace an asset and the appropriate replacement date.
(iv) If Software Changes are required due to replacement of assets, Successful Respondent, in consultation with the DIR, will review alternatives for making changes to such Software.
(v) Such replacement of the assets and Software will be at Successful Respondent's expense if the replacement is required to facilitate achievement of the agreed upon Service Levels or because the asset is obsolete (i.e., replacement parts cannot be acquired, or the asset has become unserviceable).
(vi) For DIR and Customer owned and leased assets, based on the planning process outcome and direction established by DIR, Successful Respondent will provide a proposal for refresh of those assets (replacement at DIR's expense) to DIR.
(vii) Adhere to DIR's approved plan, and execute that plan utilizing established procurement processes, to initiate refresh and retirement activities.
(viii) Provide monthly reports 180 days prior to lease expiration date showing assets to be refreshed with latest data.
(ix) Notify DIR monthly of all open agreements related to assets that are retired or will retire within 180 days of the report date.
(x) Track and report on the completion progress of asset Refresh.
(xi) Actively support TSS in workload assessment as part of refresh and annual technology planning.
(xii) Update and archive asset records after retirement.

9.8.8 Request Management and Fulfillment Requirements

Successful Respondent shall be responsible for the fulfillment of Service Requests in compliance with processes in the SMM.

9.8.8.1 Request Management Processes

The Successful Respondent shall, at a minimum:

(i) Actively participate with the MSI to develop and document processes.

(ii)   Actively cooperate with the MSI in implementing and maintaining Request Management and Fulfillment processes that are flexible and facilitate effective communication and coordination across all functional areas.

(iii)   Actively cooperate in information exchange between and among the Successful Respondent, the MSI, other Service Component Provider(s), DIR, and DCS Customer to improve end-to-end Request Management.

(iv)   Integrate the Successful Respondent's Request Management process with the MSI's Request Management process and systems, where the processes interact.

(v)   Facilitate the automation or mechanization of Service Requests between Successful Respondent, the MSI and other Service Component Provider(s) systems.

(vi)   Facilitate the transparency of Request Management through appropriate processes to provide a complete audit trail for the MSI to meet DIR and DCS Customer legislative and policy requirements.

(vii)   Communicate and coordinate the Request Management processes and policies within Successful Respondent's organization.

(viii) Provide effective and agreed upon mechanisms for properly complying with the Request Management Policies.

(ix)   Actively participate in developing and establishing Request for Solution processes and appropriate mechanisms for rapid proposal development that provides a level of accuracy for budgetary information without requiring a full solution.

(x)   Actively work with the MSI in establishing processes and workflow for the proper routing of Service Requests.

9.8.8.2   Service Request Operations

(a) Actively work with the MSI as appropriate to ensure the proper exercise of Request Management activities across all functions and organizations that provide Services.

(b) Actively participate in Service Request tracking efforts and provide and maintain regular communications between all parties and Authorized Users through Request fulfillment.

(c) Manage the effective execution of Request Management for Successful Respondent to achieve its primary purpose to fulfill service requests within the agreed Service Levels and SMM and promote DCS Customer and Authorized User satisfaction.

(d) Work with the MSI to ensure that detailed audit trail information is recorded of all activity that creates, changes, or deletes data and user access to systems that contain DIR and DCS Customer data.

(e) Engage in effective Request Management governance process to enable the MSI and other SCPs in ensuring the following:

(i)   Clearly define and document the type of Service Requests that will be handled within the Request Management process so that all parties are clear on the scope of Service Requests and the Request Management process.

(ii)   Establish and continually maintain definitions of all Services, including: descriptions, Services that will be standardized, Services that require custom solutions, and Services that can be requested through each medium (e.g., Service Desk, Portal, Service Catalog, Request for Service).

(iii) Establish and continually maintain Authorized User lists on who is authorized to make Service Requests and type of requests they are entitled to make.

(iv) Communicate to DCS Customers the definition of Services, the Request Management processes, and changes thereto.

(v) Participate in regular training for Authorized Users on Request Management processes, Service definitions, and request mediums.

(vi) Perform regular collection of feedback from Authorized Users on the effectiveness of Request Management and engage in activities to improve process and service.

(f) Enable multiple mediums for accepting Service Requests, including the Service Desk, Portal, Service Catalog, and automated interfaces.

(g) Enable the use of online self-service to allow Authorized Users to enter Service Requests from a pre-defined list of options.

(h) Enable the provision for real-time visibility of data records associated with Service Requests.

(i) Update required information on Service Requests within negotiated timeframes to provide an up-to-date accurate view of Service Requests.

(j) Ensure proper approval, including financial authority, or the Service Request through automated means (where practical) prior to Service Request fulfillment.

(k) Provide and maintain regular communications between all parties and Authorized Users as required until Service Request completion and document the communications in compliance with the Request Management processes.

(l) The communications frequency shall be determined by the severity of the request and in compliance with the SMM.

(m) Keep DCS Customer and MSI informed of any issues with the completion of Service Requests and status changes throughout the Service Request lifecycle and in accordance with the SMM.

(n) Provide anticipated completion times for active Service Requests and update notification systems as required in the SMM to keep DCS Customers and Authorized Users informed in compliance with established Service Levels.

(o) Work with the MSI to ensure consistent ownership of the Service Request from recording to completion.

(p) Close Service Requests, in compliance with the SMM, after receiving confirmation from the requesting Authorized User or Successful Respondent support personnel that the Service Request has been completed.

(q) Track the progress of fulfillment efforts and the status of all Service Requests, including:

(i) Review the proposed fulfillment time for each Service Request with the appropriate party and update the status accordingly.

(ii) Provide regular updates on the status of all Service Requests within designated timeframes.

(iii) Coordinate Service Request tracking efforts and provide and maintain regular communications, per the SMM, between all parties and Authorized Users until Service Request completion.

(iv)   Keep the DCS Customer and Authorized User informed of changes in Service Request status throughout the Service Request lifecycle in compliance with the SMM.

(v)   Keep DCS Customer and Authorized User informed of anticipated Service Request completion times for active Service Requests.

(vi)   When a Service Request cannot be completed in the committed timeframe, provide a revised completion time or request a meeting with the Authorized User to determine a new timeframe.

(vii) Track all Service Request completion against the original committed timeframe, regardless of any revisions.

(r) Utilize the Request Management System provided by the MSI for all Request Management and Fulfillment activities.

(s) Provide for timely receipt and processing of all requests within designated timeframes from the Request Management System.

(t) Utilize and update the Request Management System with all relevant information relating to a Service Request.

9.8.8.3   Request for Solution (RFS)

Requests for Solution (RFS) are those types of DCS Customer requests where requirements are captured in the MSI request management system and SCP's develop solutions and cost estimates for DCS Customer review and approval. These solutions typically assume the SCP builds and implements the solution. For DCS Customer Requests, which require the Successful Respondent to propose a solution, the Successful Respondent's shall, at a minimum:

(i)   Work with TSS and the MSI in developing and establishing RFS processes and appropriate mechanisms for the fulfillment of complex requests requiring design, price, solution, and proposals; including appropriate communications to adequately set expectations and promote good customer service.

(ii)   Work with TSS and the MSI in developing and establishing RFS processes and appropriate mechanisms to ensure rapid proposal development that provides a level of accuracy for budgetary information without requiring a full solution (e.g., rough order magnitude pricing and high-level architecture).

(iii) For all RFS delivered by the Successful Respondent only and that require no other SCP support:
   A. Review RFS to validate for completeness.
   B. Coordinate and lead meetings as required to review request, gather requirements, solution and develop the proposal.
   C. Coordinate the attendance of all necessary subject matter experts in solution and requirement gathering sessions.
   D. Provide a timeframe for delivering the solution proposal, including cost estimates, once requirements are complete.
   E. Develop the solution which may include the technical solution, effort, acceptance criteria, solution design document, and pricing.
   F. Ensure all solutions to requests conform to the DIR-approved architecture, standards, and pricing.

G. Ensure all solutions to requests conform the security policies, procedures, and guidelines of DIR.

H. Ensure all solutions to requests conform within the bounds and guidelines of DIR Shared Services technical guidelines.

I. Ensure all solutions to requests conform within the bounds and guidelines of the Contract.

J. Coordinate and facilitate solution reviews across the Successful Respondent as required to review and gain approval for the solution and pricing.

K. Track all Project Change Requests in accordance with established procedures.

L. Provide a single proposal to requesting DCS Customer.

M. Iterate and adjust the solution and cost estimating template as required to adhere to the requesting DCS Customer's feedback and requirements.

N. Document DCS Customer approvals in accordance with established processes as per the SMM.

O. Gather and validate that the proposal acceptance comes from an appropriately authorized user.

P. Provide status to DIR and DCS Customers status of all outstanding requests such that DCS Customers can emphasize their organizational priorities.

Q. Initiate Project Management as appropriate upon proposal acceptance by DCS Customer.

(iv) For an RFS where the Successful Respondent is one of many SCPs, lead and manage the Successful Respondent's solution development and project delivery using the approved MSI Shared Services Systems and processes and work with TSS as required to work with the other SCPs to develop a coordinated DCS Customer solution, including executing the RFS processes and appropriate mechanisms for the fulfillment of Successful Respondent assigned requests requiring a solution (e.g., requirements, design, solution, price, proposal) and project delivery (e.g., plan, build, testing, cutover).

(v) Solution the Successful Respondent's portion of the RFS, including:

A. Participate in meetings as required to review requests, gather requirements, solution and develop proposals with other SCPs, DIR, DCS Customers, and other Third-Party Vendors.

B. Coordinate the attendance of all necessary Successful Respondent subject matter experts in solution and requirement gathering sessions.

C. Adhere to TSS provided timeframe for delivering a solution proposal, including cost estimates, once requirements are complete.

D. Ensure all requests are solutioned within the DIR-approved architecture and standards and pricing.

E. Ensure all requests are solutioned within the security policies, procedures, and guidelines of DIR.

F. Ensure all requests are solutioned within the bounds and guidelines of DIR Shared Services technical guidelines.

G. Ensure all solutions to requests conform within the bounds and guidelines of the Contract.

H. Participate in solution reviews across the Successful Respondent and all affected SCPs as required to review and gain approval for the solution and pricing.

I.   Contribute to the solution development, cost-estimation, project plan, status, issues and risks in the systems and in compliance with the processes in the DIR-approved SMM.

J.   Tracking of all Project Change Requests in accordance with established procedures.

K.   Work with TSS in their development of a single proposal to the requesting DCS Customer.

L.   Iterate and adjusts solution and cost estimation as required to adhere to the requesting DCS Customer's feedback and requirements.

M.   Initiate Project Management activities, according to the SMM, upon proposal acceptance by DCS Customer.

9.8.9   Asset Inventory and Management

(a) Asset Inventory and Management System provides an inventory of the IT infrastructure managed by the Successful Respondent. The MSI consolidates information from multiple Successful Respondent Asset Inventory and Management Databases that contain details of Equipment, Software, and similar IT service items (collectively referred to as CIs) used in the provision, support, and management of IT services. Automated collection of asset and configuration data is a key component of the Service allowing for real-time reporting and management of DCS components.

(b) Successful Respondent responsibilities include:

(i)   Actively participate with the MSI to develop and document Asset Inventory and Management processes, as approved by DIR, that document the objectives, scope, and principles that ensure the success of the Asset Inventory and Management processes.

(ii)   Integrate Successful Respondent Asset Inventory and Management process with the MSI's Asset Inventory and Management process and systems, including providing Successful Respondent asset data electronically to MSI's Asset Inventory and Management System (AIMS) in the agreed data format.

(iii) Provide automation for all integration with the MSI's Asset Inventory and Management process and systems inclusive of auto-discovery functions to ensure real-time reporting of DCS infrastructure components.

(iv)   Communicate and coordinate the Asset Inventory and Management processes and policies within Successful Respondent's organization.

(v)   Actively cooperate in information exchange between and among the SCPs, MSI, DIR and DCS Customer to improve end-to-end Asset Inventory and Management.

(vi)   Work with the MSI to provide a complete Asset Inventory and Management audit trail to meet DIR and DCS Customer legislative and policy requirements.

(vii) Conform operations to policies and procedures that set the objectives, scope, and principles that ensure the success of the Asset Inventory and Management process.

(viii) Work with the MSI in establishing categorization and classification structures to ensure the proper documentation and maintenance of CIs.

(ix)   Use the Asset Inventory and Management process to identify, control, maintain, and verify the CIs approved by the MSI as comprising the Equipment, Software, and Applications to provide the Services.

(x)   Record the CI information for Equipment, Applications, Software and Services.

(xi)   Verify that all CIs for the Equipment, Applications, Software, and Services are incorporated into the AIMS.

(xii) Utilize the AIMS provided by the MSI as the single source of information regarding all CIs within Successful Respondent scope.

(xiii) Ensure that all CI data related to the Services resides in the AIMS.

(xiv) Integrate the Successful Respondent's other systems, including all appropriate and required licenses and/or interfaces with the MSI's AIMS.

(xv) Where Successful Respondent has an internal asset inventory system or database, integrate that system or database with the MSI AIMS as required.

(xvi) Provide customization as required to enable the Asset Inventory and Management processes as defined in the SMM.

(xvii) Automate processes, discovery tools, inventory and validation tools, enterprise systems and network management tools, etc. to provide electronic Asset Inventory and Management data as required to the MSI.

(xviii) Comply with existing and established SMM processes.

9.8.10   IT Service Desk Requirements

(a) Successful Respondent shall be responsible for responding to incidents or requests DCS Customers and Authorized Users log with the MSI's Service Desk, in compliance with policies and procedures set forth in the SMM and managed by the MSI.

(b) The MSI's Service Desk shall be the single point of contact for Authorized Users regarding Incidents, which include events that cause or may cause an interruption or reduction of service, as well as for requests for information and requests for services relating to all of DIR's and DCS Customers' IT Services.

(c) The Successful Respondent shall, at a minimum:

(i) Actively participate with the MSI to develop and document processes.

(ii) Integrate Successful Respondent's Service processes with the Service Desk processes of the MSI, DCS Customer, and authorized Third Party Vendor(s), where the processes interact.

(iii) Actively work with the MSI to assure the proper application of Service Desk across all functions and organizations that provide services to DCS Customers.

(iv) Communicate and coordinate the Service Desk processes and policies within Successful Respondent's own organization and DCS Customers.

(v) Actively participate in defining Service Desk policies and procedures, as approved by DIR, which set the objectives, scope, and principles that ensure the success of the Incident Management processes.

(vi) Provide effective and agreed upon mechanisms for properly complying with the Service Desk policies.

(vii) Manage all Incidents, Service Requests, etc., from Authorized Users relating to Services, including the following:

(viii) Assigning categorization and prioritization codes.

(ix) Communicating with users, keeping them informed of progress, notifying them of impending actions, obtaining appropriate agreement, and in all ways engaging and communicating with them about Successful Respondent activities.

(x) Closing all resolved Incidents, Service Requests, and other calls.

(xi) Develop and document processes regarding interfaces, interaction, and responsibilities between Level 1 Support personnel, Level 2 Support personnel, and any other internal or external persons or entities that may either submit an Incident or receive an Incident.

(xii)   Utilize the Incident Management System provided by the MSI and integrate with the MSI Service Desk, including the use of tools, technology, processes, and procedures.

(xiii)   Analyze Incident trends and recommend and implement actions, with DIR and DCS Customer(s) approval, to reduce Incidents.

(xiv)   Provide on-line FAQs and help documentation for common problems.

(xv)   Provide the MSI with information necessary to keep Authorized Users regularly updated with alerts advising of any new or changed information.

9.8.11   Information Security Management Requirements

Successful Respondent's delivery of Information Security Management shall be an integral part of the Services and shall assess all security risks associated with the delivery of Services are appropriately identified, evaluated, assessed and appropriate controls are implemented and maintained. The Successful Respondent will coordinate with the MSI and the Security Operations SCP to develop an Annual Security Plan for in-scope Services. This plan is a Critical Deliverable, defined in **Attachment 1.1 Deliverables**.

9.8.11.1   Information Security Management General Requirements

The Successful Respondent shall, at a minimum:

(i)   Work with the MSI and Security SCP in support of the overall cybersecurity risk management program.

(ii)   Work with the MSI and Security SCP to develop and maintain security procedures and Service Responsibility Matrices, physical and logical access strategies, and standards.

(iii)   Adhere to the Information Security Management processes as defined in the SMM.

(iv)   Work with the MSI and Security SCP to integrate Successful Respondent's security program with DIR's governance risk and compliance program, including at a minimum Incident recording, CMDB, security exception, security plan submission, risk assessment and in integrating Successful Respondent's Security tools directly with the MSI and Security SCP as required to enable these capabilities.

(v)   Implement security capabilities as required to achieve compliance with security laws, rules and regulations.

(vi)   Participate in security evaluations, as directed by DIR, which include conducting internal audits, supporting external audits, conducting self-assessments, and evaluating security Incidents.

(vii)   Participate in all DIR authorized assessments, develop action plans and resolve deficiencies, vulnerabilities, concerns and recommendations identified within six (6) months of the conclusion of the assessment or at such time as otherwise mutually agreed upon.

(viii) Meet all Security-related deliverables and Performance Analytics which are to be agreed to by DIR and Successful Respondent.

(ix)   As requested, attend and contribute to Security Management and Risk Management meetings.

(x)   Resolve agreed actions and activities resulting from Security Management meetings.

(xi)   Work with the MSI and Security SCP to contribute to the creation and maintenance of a Security Plan across the Successful Respondent's Services.

(xii)   Execute Successful Respondent's Security Plan which is agreed to by DIR and coordinated by the MSI.

(xiii) Ensure that certificates for Successful Respondent's staff are kept current and report the status to the MSI on a quarterly basis.

(xiv) Provide for vulnerability scans for all Successful Respondent network assets, which should include scans for all network addresses at least monthly directly to the DIR Governance, Risk and Compliance (GRC) tool (Currently SPECTRIM) and inform the MSI and Security SCP.

(xv) Provide a forward-looking schedule for the planned Successful Respondent Security testing, assessments and analysis.

(xvi) In coordination with the MSI and Security SCP, participate in the evaluation of new technologies/capabilities for improving security and perform activities and/or solutions to address shortfalls in Security.

(xvii) Where investment decisions are required, work with the MSI in providing options with associated costs and benefits for DIR review and approval.

(xviii) In coordination with the Security SCP, and as related to the Successful Respondent's Services, evaluate details of the Security requirements for new IT services, including options for meeting these requirements and any associated costs.

(xix) Work with the Security SCP and execute processes according to the governance-approved Master Security Baseline Configuration (MSBC).

(xx) Execute quarterly MSBC Health Checks and run scans quarterly that will feed baseline information to the Security SCP for the Security SCP to determine the health check of the systems.

9.8.11.2   Security Regulations

The Successful Respondent shall:

(i) Adhere to the then-current safety and security policies, rules, procedures and regulations established by the State and DIR, and each DCS Customer with respect to such DCS Customer's data and facilities.

(ii) Adhere to DIR and DCS Customer's then-current "Security Rules," as published in Chapter 202, Information Security Standards of the Texas Administrative Code.

(iii) Comply with all security incident notification and response procedures as specified in the Service Management Manual.

(iv) Comply with the policies defined by the FBI Criminal Justice Information Services (CJIS) requirements.

(v) The Successful Respondent shall perform the Services in compliance with all federal and state laws and industry standards as they may be updated from time-to-time, including but not limited to the following:

    A. Texas Administrative Code (TAC) 1 Chapter 202. TAC 202 provides the State of Texas security standards policies applicable to all Texas state agencies.

    B. HIPAA – Health Insurance Portability and Accountability Act Privacy and Security Rules

    C. HITECH – Health Information Technology for Economic and Clinical Health Act

    D. FIPS 140-2 Federal Information Processing Standards Publication, Security Requirements for Cryptographic Modules

    E. FISMA – Federal Information Security Management Act

    F. FERPA – Family Educational Rights and Privacy Act

    G. IRS Pub 1075 – Tax Information Security Guidelines for Federal, State and Local Agencies

    H. PCI – Payment Card Industry Security Standards

I. ISO/IEC 27001:2005 - Information technology – Security techniques – Information security management

J. ISO/IEC 27002 – code of practice for information security management

K. NIST 800 – National Institute of Standards and Technology standards and related publications

L. CJIS Security Policy - FBI Criminal Justice Information System Security Policy and CJIS Security Addendum

(b) DIR and DCS Customers comply with National Institute of Standards and Technology (NIST) Federal standards and related NIST 800 series Special Publications (SP) and Federal Information Processing Standards (FIPS) standards. Where there is a conflict between NIST, FIPS and 1 TAC Chapter 202 rules and security controls, the 1 TAC Chapter 202 takes precedence.

9.8.11.3 Security Incident Management

The Successful Respondent shall, at a minimum:

(i) Work with the MSI and Security SCP and contribute to the creation of a Security Incident Management process across the Successful Respondent's Services.

(ii) Provide plans and exceptions for Security Incident Management including Security Incident severity matrix, notification rosters, communications plans, and procedures for managing Security Incidents.

(iii) Implement the Successful Respondent's portion of the Security Incident Management process in concert with participation from the MSI and required Service Component Providers and DCS Customer personnel.

(iv) Coordinate Security Incident Management procedures with Major Incident Management procedures.

(v) Adhere to the Security Incident handling and notification processes that follow current NIST guidelines and is defined in the SMM.

(vi) As required, implement and maintain monitoring and alerting services that integrate into the MSI Incident Management System and Security SIEM for automated alert notification.

(vii) Promptly investigate, document, and report security incidents in accordance with 1 TAC Chapter 202 and the SMMs.

(viii) According to the defined processes, promptly communicate and escalate security Incidents to the MSI, Security SCP, DCS Customer, and DIR.

(ix) Conduct Root Cause Analysis and if necessary, develop and implement formal corrective actions or remediation plans once approved by DIR and the appropriate DCS Customer. Evaluate the analysis and proposed corrective actions to ensure future risks are adequately mitigated.

(x) Provide Incident investigation and initiate corrective actions to minimize and prevent security breaches.

9.8.11.4 Physical Security Administration

The Successful Respondent's shall, at a minimum:

(i) Communicate the physical and logical security management processes and procedures to Successful Respondent's staff.

(ii) Comply with Successful Respondent physical and logical security responsibilities.

(iii) Inform MSI and DCS Customer immediately if Successful Respondent becomes aware of any vulnerability or weakness in the Services and recommend a solution or mitigation.

(iv) Provide near real-time information, to MSI and DCS Customers to identify those physical access rights that should be removed from MSI and DCS Customer Facilities and where, within the Successful Respondent's scope of responsibilities, initiate the access rights revocation request.

9.8.11.5 DIR and DCS Customer Sites and Environments

(a) Where Successful Respondent uses or visits locations and facilities at DIR and DCS Customer Sites or is granted access to a DIR or DCS environment, Successful Respondent shall be responsible for the provision of Services related to DCS Customer's security requirements, set in place by DCS Customer to govern the security of the DCS Customer Environment.

(b) Successful Respondent shall, at a minimum:

(i) Ensure compliance with all DIR and DCS Customer security policies, standards and procedures, and all applicable laws and regulations, as they may be revised or updated.

(ii) Comply with DIR and DCS Customers' policies, including security, data and records management, and electronic records and data archiving.

(iii) Implement the security-related Services required to protect the confidentiality, integrity, and authenticity of the information stored in or transmitted to or from the DCS Customer environment, in accordance with DCS Customer's security requirements.

(iv) Comply with DIR's, DCS Customers', and Service Component Providers' Physical Security Administration processes, where the processes interact.

(v) Assist in the development of action plans following any Security Incidents within the DCS Customer environment and implement new controls approved by DCS Customer and in the timeline defined by DCS Customer.

(vi) Maintain DIR Data in accordance with DCS Customer's security policies.

(vii) Establish and maintain safeguards against the unauthorized access, destruction, loss, or alteration of DIR Data in the possession of Successful Respondent in accordance with DCS Customer's security policies.

(viii) Participate in Service Delivery to review any Changes to the Equipment, Software, and networks that potentially have security or operational ramifications and modify the Change to remove or reduce the security or operational ramifications.

9.8.11.6 Other Locations

Where Successful Respondent uses other locations and facilities to provision Services to DIR or DCS Customers, Successful Respondent's responsibilities shall include the following:

(i) Provide security processes, facilities, Equipment, and Software that meet or exceed DIR's security policies, standards, and procedures. Such processes and physical attributes will be at a minimum consistent with similar security provisions maintained by large, well-managed sourcing services companies.

(ii) Upon request, provide DIR, its representative(s), and/or regulatory DCS Customers access to all facilities and assets used in providing the Services for audits, investigations, and compliance reviews.

(iii)   Perform all physical security functions (e.g., identification badge controls and alarm responses) at facilities under Successful Respondent's control.

9.8.11.7 Security Assessments

(a)   The following applies to Successful Respondent security assessments:

(i)   DIR may initiate and conduct assessments of Successful Respondent's security program. Such assessments will evaluate Successful Respondent's abilities and capabilities in maintaining and enhancing security and safety practices and procedures, and may involve monitoring and testing security programs, conducting risk assessments and performing security design reviews.

(ii)   DIR, DCS Customers, Texas State Auditor's Office, and other entities authorized by DIR may conduct security reviews, assessments, forensic analysis and/or audits (e.g., SSAE 18, State Audit Office, IRS audits) where service is being provided by the Successful Respondent. These assessments may include (but are not limited to) physical security, logical security, policies and procedures, network analysis, vulnerability scans and Controlled Penetration Tests.

(b)   The following applies to Assessments in general:

(i)   DIR may conduct security assessments, including conducting monitoring and testing security programs (e.g., Controlled Penetration Tests), conducting risk assessments and performing Security Design Reviews, (the "Assessment(s)") of all or any portion of the Services in order to evaluate such Security Program and determine whether the Security Program meets or exceeds the Standard of Due Care.

(ii)   Assessments of the Security Program may be conducted by DIR or, at DIR's sole discretion, a third-party security assessment vendor (the "Security Assessment Company").

(iii)   The Successful Respondent shall cooperate fully with DIR and/or the Security Assessment Company and provide access to any premises, equipment, personnel or documents and provide any assistance required by DIR and/or the Security Assessment Company to conduct the Assessment; however, DIR and the Security Assessment Company shall not have access to Successful Respondent proprietary information where it is not relevant to the Assessment, and shall further not have access to confidential or proprietary information of other customers of Successful Respondent than DCS Customers.

(iv)   Under no circumstances will Successful Respondent attempt to persuade or control or otherwise influence the Security Assessment Company in the determination of its findings. The Assessment shall be conducted so as not to unreasonably disrupt Successful Respondent's operations under this Agreement.

(v)   Within fifteen (15) days of an Assessment Notice Date, DIR and Successful Respondent will meet to jointly review the relevant Assessment report and if such report concludes that the Security Program does not meet or exceed the Standard of Due Care, then within thirty (30) days after the applicable Assessment Notice Date, the Successful Respondent, Security SCP, and the MSI shall develop and present to DIR an action plan to promptly address and resolve any deficiencies, vulnerabilities, concerns and/or recommendations identified in such report, consistent with the Successful Respondent's obligations as set forth in the Agreement.

(vi)   The Parties shall cooperate with the utmost good faith to reach reasonable and timely agreements on such further definition and clarification and agree that such further definitions and clarifications shall in all respects be consistent with the terms of the security assessment

requirements in this Exhibit. In addition, to the extent that a security assessment company reasonably establishes that certain definitions, procedures and methodologies are widely used in security assessments, the Parties agree to generally rely on the security assessment company's definitions, procedures, and methodologies for guidance in reaching agreement. The Parties acknowledge that in reaching the final results of a security assessment, the security assessment company will be required to exercise its professional judgment and discretion in certain matters and, assuming such judgments are within established industry practices for security assessments, the Parties will defer to the conclusions of the security assessment company.

(vii)   Successful Respondent acknowledges that DIR views the right to conduct Assessments as a critical inducement to DIR's agreement to many of the terms of this Agreement, including the Term and termination rights provided for in the Agreement, and therefore Successful Respondent agrees that it will cooperate in good faith to accomplish the objectives contemplated by the security assessment for the benefit of DIR.

9.8.12   Software License Renewal Management

Successful Respondent has responsibility for:

(i)   Working with the MSI in tracking, monitoring, and reporting the software renewal process to ensure compliance with software agreements and continued operation of Services. Successful Respondent's responsibilities shall include the following:

(ii)   Comply with the Software License Renewal Management processes, as defined in the SMM.

(iii)   Support Service Requests and Change Requests as appropriate for all renewals and update as needed to reflect the status of each renewal as per the timing and lifecycle process defined in the SMM (e.g., Software expiring in May should be logged as a CRQ in January, 120 days prior to the expiration date).

(iv)   Successful Respondent will update the contract data in the approved Software License Renewal System, coordinate with the DCS Customer and MSI to obtain renewal approvals, execute the procurement tasks to renew the software license, install the renewed keys and software, update the Change Request and Contracts data, and log the renewed software keys in the Software License Renewal System as per the process defined in the SMM.

(v)   In conjunction with the MSI, monitor Software License Renewal progress and SLA achievement.

(vi)   Work with the MSI to ensure the requests and Change Requests are completed and closed upon renewal completion.

9.8.12.1   Software License Compliance Management

The Successful Respondent will:

(i)   Work with the MSI to determine the compliance position, based on automated monitoring and reporting of the software compliance management process, to ensure compliance with agreements and reduce operating risk in the environment.

(ii)   For Successful Respondent provided and managed software, execute assigned Software License Compliance Management activities as defined in the SMM.

(iii)   For DIR and DCS Customer-retained Software, track and maintain the applicable licensing and use information received from DCS Customers.

(iv) If applicable, utilize tools, such as an enterprise management system and remote monitoring agents, to assist in monitoring efforts, subject to DIR's approval of all such tools.

(v) Monitor the Equipment for the presence of any unauthorized or non-standard Software.

(vi) Define and check for particular Software signatures.

(vii) Check the presence and version of Software installed on a particular device and record in the MSI Asset Inventory and Management system.

(viii) Provide reporting of license information and compliance to the MSI, at least quarterly or as directed by DIR.

(ix) Store and track Software license agreements and associated license keys, including processes and procedures for renewals.

(x) Track license counts and associations within the MSI-provided CMDB.

(xi) Collect and maintain the Contract and Proof of Entitlement (POE) within the MSI-provided system.

(xii) Work with the MSI to collect and normalize software titles to standard names.

(xiii) Work with the MSI to review the Software License Compliance position and determine appropriate remediation.

(xiv) Take ownership of assigned actions through the Incident, Request, Change, and Project processes for any reported non-compliance of software purchased versus software installed.

(xv) Provide clarifications about information presented in the Compliance Report to eliminate discrepancies.

(xvi) Enable the use of Successful Respondent provided and managed Software to maintain strict compliance, including but not limited to:

    A. Immediately notify and advise MSI of all Software license compliance issues associated with Services.

    B. Enable the tracking, management and implementation of security certificates used to secure confidential sessions (e.g., SSL) for Internet and Intranet transactions and communications, including processes and procedures for renewals, as required by DIR, DCS Customers, or MSI.

(xvii) Work with the MSI to confirm the presence and version of Software installed on a particular device and that those attributes are recorded in the MSI Asset Inventory and Management system.

(xviii) Work with the MSI in reporting of license information and compliance to DIR.

9.8.12.2 Software Patch Management

The Successful Respondent shall, at a minimum:

(i) Be responsible for patch deployment and control of the software and devices under its management.

(ii) Be responsible for participating in DCS Customer Change Management processes to deploy patches on a regular basis.

(iii) Participate in and follow the agreed upon patch rating process.

(iv) Deploy patches to servers and clients per DCS Customer's policies and ensure compliance as required. Use the DCS Customer-approved central deployment tool, as applicable and mutually agreed upon.

(v) Provide and apply patches to devices within the timeframe guidelines in accordance with DCS Customer's security policies.

(vi) Adhere to DCS Customer's security configuration management.

(vii) Communicate with and/or alert the DCS Customer IT Security team when patches are not installed within the designated timeframe.

(viii) Integrate and have the ability to export patch data associated will all DCS Customer devices.

9.8.13 IT Service Continuity Management Requirements

(a) Successful Respondent is responsible for maintaining an IT Service Continuity Management (ITSCM) plan for its own internal staff and systems to respond to an emergency and continue to provide Services to DIR and DCS Customers.

(b) The Successful Respondent shall, at a minimum:

(i) Develop, maintain, and test Disaster Recovery Plans (DRPs) and Technical Recovery Guides (TRGs) as defined in the SMM for the Systems, Software, and Equipment used by Successful Respondent to provide the Services, including those provided at the Consolidated Data Centers, DCS Customer Service Location, or other Successful Respondent Facilities.

(ii) The DRPs and TRGs should comply with all applicable Federal and State requirements.

(iii) In the event of a disaster, recover and support affected Systems, Software, and Equipment at the designated recovery location according to the agreed Recovery Time Objective (RTO) and Recovery Point Objective (RPO) in support of the Service Levels defined in this Exhibit.

(iv) Coordinate Successful Respondent's ITSCM plan with MSI ITSCM plans and DCS Customer Business Continuity Plan (BCPs) to ensure DCS Customers can resume regular business functions in the event of a Disaster or significant event affecting the Systems, Software, and Equipment used by Successful Respondent to provide the Services.

(v) In the event of a service disruption, coordinate all ITSCM efforts to ensure smooth and efficient resumption of Services.

9.8.14 Crisis Management

The Successful Respondent will perform Crisis Management as necessary, depending on the type of business or geographic location where Services are being performed, in the event of hurricanes, tornados, riots, terrorist threats, etc. The Successful Respondent shall, at a minimum:

(i) Following MSI, DIR, and DCS Customer notification processes for any crisis event occurring in or relating to a Successful Respondent Facility, DIR Facility, or other facilities managed by Successful Respondent in connection with the Services.

(ii) Following statewide notification pyramid alert support as documented in the applicable business continuity plan.

(iii) Coordinate with MSI, DIR, and DCS Customers requirements for Services that are critical to designated DCS Customer emergency management responsibilities.

(iv) Coordinate with MSI, DIR, and DCS Customer regarding variances in Services as a result of Crisis Management in compliance with all SMM procedures.

9.8.15 Release Management

(a) The purpose of Release Management is to build, test and deliver specified Services that will accomplish the stakeholders' requirements and deliver the intended objectives.

(b) The Successful Respondent shall, at a minimum:

    (i) Work with the MSI and other SCPs to develop and establish a Release and distribution process so that each change to Service Provided Services is controlled, tested, traceable, authorized, and implemented in a structured manner.

    (ii) Conform Successful Respondent operations to the agreed Release policies, processes and procedures as defined in the SMM.

    (iii) Execute releases according to the approved Release Management methodology as defined in the SMM.

    (iv) Use the MSI provided Release Management System as the single source of Release Management and information regarding all Successful Respondent Releases.

9.8.16 Project Management

(a) Project Management provides a way to execute and manage projects with the goal of delivering projects from request through completion, meeting DCS Customer requirements in terms of timing, quality, and cost.

(b) The Successful Respondent shall, at a minimum:

    (i) Provide technical project management and be responsible for executing and managing projects related to the Successful Respondent's Services.

    (ii) Conform Successful Respondent operations to MSI-defined policies and procedures as documented in the SMM to ensure the success of the Project Management process.

    (iii) Use the MSI provided Project and Program Management (PPM) system as the single source of project management and information regarding all projects and programs.

    (iv) Ensure that all Successful Respondent Project Management data resides in the PPM system.

    (v) Execute projects according to the approved Program Management and Project Management methodology as defined in the SMM.

    (vi) Projects that meet the criteria for "major information resources project", as defined by Texas Government Code 2054.003 (10), are subjected to state Quality Assurance Team (QAT) oversight requiring the Successful Respondent to support the following:

        A. Adhere to the requirements and guidelines as outlined in the Project Delivery Framework located here: http://dir.texas.gov/View-Resources/Pages/Content.aspx?id=16.

        B. Provide project deliverables as required for the QAT to review and provide proactive monitoring of project outcomes.

        C. Develop and execute corrective action plans for projects with QAT identified project risks.

        D. Provide status reports to the MSI and DIR as required to report to QAT stakeholders (state leadership, DIR leadership, DIR and MSI project teams).

        E. Escalate significant issues to the MSI and DIR and advise on alternative methods for correction.

9.9   Business Management

9.9.1   Operational Intelligence

(a)   Successful Respondent shall provide the data and/or reports to the MSI via automated API integration for report creation and posting via the MSI-managed Operational Intelligence System and Portal as specified in **Appendix A Reports**.

(b)   The Successful Respondent shall, at a minimum:

(i)   Provide automated data feeds as agreed (e.g., format, timing, delivery mechanism) by the MSI to allow the MSI to generate reporting for all Successful Respondent reports identified as being presented through the MSI systems.

(ii)   For those reports agreed to be provided by the Successful Respondent, provide online reporting capability with near real-time data for use by DCS and, as agreed with DIR, coordinate with the MSI to provide single sign-on access to Successful Respondent's reports through the MSI Portal.

(iii)   Coordinate with the MSI and provide data to enable the creation of integrated performance dashboards. Dashboard data should provide:
A.   Near real-time health dashboards for any Systems managed by Successful Respondent highlighting status of health metrics as defined by DCS Customer.
B.   Report monthly, quarterly, and annually in the Security Dashboard on the deployment of Tools and procedures to the DCS Customer Environment.

(iv)   The Successful Respondent shall be responsible for using DIR's security governance, risk and compliance system to provide information relevant to the service offering, including but not limited to risk assessments, Incident reporting, and security plan development.

(v)   As required, collaborate with other DCS Service Component Providers, to include sharing reports and information via the MSI Portal or other mutually agreed upon mechanism as appropriate to ensure effective Service delivery.

(vi)   Enable integration of applicable security Service solutions, in which data from multiple sources (e.g., scan results, multiple IDS platforms/IPS devices, and MDS devices) are incorporated and integrated into the Service.

(vii)   Provide ad hoc and summary Security Incident Reports to DIR OCISO using security systems and data generated in accordance with the format and content of the then current version of 1 TAC Chapter 202.

9.9.2   Service Level Management

(a)   Service Level Management includes the activities associated with managing and reporting attainment of Service Level performance, deliverable commitments, and customer satisfaction.

(b)   The Successful Respondent shall, at a minimum:

(i)   Provide accurate and timely SLA data to the MSI, as defined in in Article 6 Performance Model – Service Level Agreements, and the SMM to the MSI-managed Service Level Management System as agreed with the MSI (e.g., format, timing, delivery mechanism).

(ii)   When SLAs fail to meet minimum, or Expected Service Level targets, implement Service Level Improvement Plans (SLIP), as described in the SMM.

(iii) Analyze DCS Customer Scorecard feedback to understand DCS Customer issues and develop and execute issue resolutions.

(iv) Collate information provided to Successful Respondent from End Users (e.g., captured in Service Desk surveys, feedback through emails) regarding suggested improvements to the Services.

(v) Develop an action plan to address suggested improvements to the Services identified by Successful Respondent and DCS Customer, including the following:
  A. Provide the action plan to DCS Customer for review.
  B. Implement DCS Customer-approved action plans.
  C. Report in the Dashboard on progress and improvements made on approved action plans.

(c) Summarize and report on plans and activities that affect the overall Services to MSI and DIR governance boards.

9.9.3   IT Financial Management

Successful Respondent must provide automated IT Financial Management Services via API. The Successful Respondent shall, at a minimum:

(i) Actively work with the MSI to develop and document IT Financial Management processes.

(ii) Actively cooperate in information exchange between and among the MSI, DIR, and DCS Customer to improve end-to-end IT Financial Management.

(iii) Facilitate the transparency of IT Financial Management through appropriate processes to provide a complete audit trail for the MSI to meet legislative and policy requirements.

(iv) Integrate Successful Respondent IT Financial Management process and system with the MSI's IT Financial Management process and system, where the processes interact, and as agreed to with DIR and the MSI.

(v) Actively work with the MSI to assure the proper application of IT Financial Management across all functions and organizations that provide services to DCS Customers.

(vi) Communicate and coordinate the IT Financial Management processes and policies within Successful Respondent's own organization.

(vii) Utilize the IT Financial System provided by the MSI such that it serves as the single source of information regarding all IT Financial Information for Services within Successful Respondent scope.

(viii) Integrate Successful Respondents' systems and chargeback data with the MSI IT Financial System, including providing all appropriate and required licenses and/or interfaces.

(ix) Provide sufficient data and detail to support DIR, DCS Customers, State and Federal funding accounting, grant, and audit requirements.

(x) Collect, aggregate, and provide billing, service provisioning, and service metric information to the MSI as required.

(xi) Identify unique DCS Customer account identifiers to identify Applications, Application Instances, and other service information as required.

(xii) Provide the MSI with monthly invoice data required for the MSI to render the Successful Respondent statement of Services.

(xiii) Support all charges with detailed invoice data as required, and supporting utilization data at the DCS Customer, Resource Unit, Charge Category (e.g., Programs, Divisions, Organization Units) as required by the MSI.

(xiv) Actively participate in developing and maintaining the processes for the resolution of invoice disputes within designated timeframes.

(xv) Provide effective and agreed mechanisms for crediting DCS Customers as appropriate.

(xvi) Effectively execute the processes to record, track, and manage incidents of invoice disputes.

(xvii) Research and review invoice disputes for completeness and ensuring data accuracy, and, when necessary, request clarifying data from DCS Customer.

(xviii) Initiate additional treatment of invoice disputes to facilitate resolution within designated timeframes.

(xix) Ensure that incidents of invoice disputes are continually updated, at a minimum on a weekly basis.

(xx) Keep the MSI informed of activity and anticipated resolution times for active incidents of invoice disputes.

(xxi) Allow DIR to monitor and validate invoice dispute process on an ongoing basis.

(xxii) Provide a process for escalating to Successful Respondent management incidents of invoice disputes not resolved within the time frames established within DIR policies.

(xxiii) Provide data to enable the MSI to report on all DCS financial items, including, at a minimum:

A. Provide application transaction and financial transaction data to the MSI to enable the MSI provided Financial Management System functionality to allow for near real-time reporting of the DCS transaction and payment details including reports as required to fully reconcile all attempted and failed transactions.

B. Provide Customer, application and transaction data to the MSI as required to enable the MSI provided reporting on transactions and payment data by type of transaction, application, Customer, etc.

C. Provide the required data to the MSI with the appropriate level of detail to enable the MSI to link all financial items to each individual transaction.

D. Provide the required data to the MSI to enable the MSI to invoice DCS Customers for DCS fees.

10   Contract Management

10.1   Contract Changes

(a) Any change or modification to the Agreement that alters pricing, the material terms of the Agreement, or Articles 1 through 14 of the Agreement must be made by a properly executed Contract amendment.

(b) Other changes or modifications to the Agreement may be made through the appropriate contract change process and shall occur in accordance with the relevant SMM.

10.2   Deliverables

(a) Deliverables are a Successful Respondent-provided tangible item or outcome that DIR reviews and approves at a specified date/frequency during the term of the contract, excluding reports that are managed/monitored through other defined processes.

(b) Deliverables may have certain attributes that impact the review and acceptance.

(c) The attributes for each of the deliverables are detailed in **Attachment 1.1 Deliverables** and summarized below.

(d) Critical (C) (flagged within the Agreement and referenced in **Attachment 1.1 Deliverables**). Deliverables that are Critical have associated Deliverable Credits payable to DIR in the event Successful Respondent fails to successfully complete and submit such Deliverables to DIR on or before the due dates identified in **Attachment 1.1 Deliverables**. For further clarity, successfulness is measured by whether the Deliverables meet the associated Acceptance Criteria.

(e) Payment (P) Payment Deliverables are the deliverables that have associated payments due to the Successful Respondent after DIR approval of such deliverables. Payment will be provided in accordance with **Exhibit 2 Financial Provisions and Pricing**.

(f) Time-critical (T) – Deliverables that are designated as time-critical will have an expedited review period of five (5) Business Days.

(g) For avoidance of doubt, a specific Deliverable's attributes may be changed upon mutual agreement and through the appropriate contract change request process as determined by the material nature of changes.

(h) Project Milestones. Project milestones are those produced and delivered as part of a Request for Service process and are specific to a project being delivered. DIR or DCS Customers shall have the right to review and accept or reject the milestones in accordance with the SMM.

10.3 Deliverable Acceptance Criteria

(a) In order to eliminate the potential for frequent submission and rejection of Deliverables, the Successful Respondent shall meet with DIR and reach agreement on the construct and content for Deliverables prior to creation. The Successful Respondent shall coordinate fully and appropriately with DIR and its partners throughout the development of Deliverables and reviews of deliverables prior to formal submission as requested, including but not limited to incorporating DIR feedback and suggestions received during reviews.

(b) At a minimum, Deliverables shall meet the acceptance criteria defined in **Attachment 1.1 Deliverables**. Unless otherwise agreed, and as applicable, Successful Respondent shall perform comprehensive testing (e.g., unit, string, integration, stress, volume, system testing) on each such Deliverable prior to submitting such item to DIR for Acceptance. DIR considers the Deliverable due date to be the day by which the Deliverable is ready for acceptance and formally submitted.

(c) The Successful Respondent shall use the SMM process to formally submit final versions of the Deliverables to DIR.

(d) For all Deliverables, the Successful Respondent shall comply with the following requirements:

   (i)   The Successful Respondent shall follow all DIR-prescribed processes and procedures and SMMs.
   (ii) The Successful Respondent shall provide actionable Deliverables which successfully meet all requirements outlined in the Agreement.
   (iii) The Successful Respondent shall deliver all Deliverables in accordance with the DIR-approved Deliverable schedule.
   (iv) The Successful Respondent shall correct any latent defects identified after the acceptance of a Deliverable at no additional cost to DIR.

(v)   The Successful Respondent shall comply with specific acceptance criteria detailed in the Agreement and referenced in **Attachment 1.1 Deliverables**.

10.4   Deliverable Expectation Document (DED)

(a)   At DIR's discretion, a DED may be used for Deliverables to document mutually agreed upon Deliverable descriptions, applicable standards, and more clearly define Acceptance Criteria previously documented in **Attachment 1.1 Deliverables**. The Successful Respondent and DIR will develop and mutually agree on DEDs. Deliverable acceptance will be contingent on material compliance with the DED and any rejection of a Deliverable must be accompanied by a description of the material non-compliance with the DED. DIR, in its sole discretion, may choose to forgo the creation of the DED.

(b)   The DEDs shall not contradict nor alter the Contract Acceptance Criteria requirements set forth in the Agreement or in **Attachment 1.1 Deliverables**. In the absence of a DED, the Acceptance Criteria for a Deliverable would be material compliance with the requirements as set forth in the Agreement or in **Attachment 1.1 Deliverables**.

(c)   There may be situations where agile development of deliverables may be appropriate. In such cases, the Acceptance Criteria in **Attachment 1.1 Deliverables,** for a Deliverable may be described at a high level and the DED may be used to capture requirements for a sprint or series of sprints.

(d)   Any changes to the DED will be approved through mutual agreement between DIR and the Successful Respondent.

(e)   The following requirements may be documented in the DEDs:

(i)   Format of the Deliverables.
(ii)   Deliverable Description.
(iii)   Submission Process and Requirements.
(iv)   Delivery Schedule including Incremental Delivery Dates, if applicable.
(v)   Review and Comment Requirements (who, when, how).
(vi)   Acceptance Criteria.

10.5   Deliverables Review Meeting

The status of each Deliverable and any associated issues will be managed through a Deliverables review meeting between DIR and the Successful Respondent. The objective of the meeting is to review the status of Deliverables, communicate Deliverable owners and Deliverable recipients for upcoming Deliverables, review non-compliant deliverables and remediation plans for those Deliverables as needed.

10.6   Acceptance Review Period

(a)   It is critical to the success of the Successful Respondent that the deliverable acceptance process is thorough and that any deficiencies are addressed as early as possible to minimize impacts to the Services. Designated DIR working teams will be reviewing the Deliverables throughout the phases of development. Successful Respondent will solicit input from DIR as the Deliverables are developed. The Successful Respondent shall review the expectations in advance so as to obtain acceptance of the final Deliverable within the Acceptance Review Period. Feedback and suggestions received from DIR will be incorporated into the Deliverable.

(b) There may be deliverables within the Contract that are designated to have a "parent/child" relationship with another Service Component Provider. For those specific deliverables, the review and acceptance periods will follow the "parent" deliverable.

(c) DIR will notify the Successful Respondent, in writing, within ten (10) Business Days, or such other time as may be mutually agreed to considering the size, criticality, and complexity of the Deliverable, or as may be designated as Time-Critical (TC) in **Attachment 1.1 Deliverables,** of the acceptance or non-acceptance of the Deliverable ("Acceptance Review Period"). During this Acceptance Review Period, DIR shall review and may further test each Deliverable, individually and/or collectively, to determine whether such item(s) comply with Acceptance criteria. Successful Respondent shall cooperate with such review and testing efforts, provide a technical environment to facilitate such review, and provide all applicable documentation that may assist in such review and testing. DIR will notify the Successful Respondent, any deficiencies that must be corrected prior to acceptance.

(d) If the Successful Respondent does not receive written notice from DIR by the end of the Acceptance Review Period, the Successful Respondent may notify DIR in writing extending the Acceptance Review Period to provide DIR five (5) additional Business Days to provide written notice. The Deliverable will be deemed to be accepted by DIR if DIR does not provide a notice of non-acceptance at the end of this additional five (5) Business Day period.

(e) If DIR does not provide notice of Acceptance or a notice of Noncompliance to Successful Respondent by the end of the Acceptance Review Period, DIR may request in writing an additional time within the Acceptance Review Period to be mutually agreed to by both parties. Should DIR require additional time to review the Deliverable and has not received notice from the Successful Respondent regarding the additional Acceptance Review Period of five (5) Business Days, DIR may provide notice to the Successful Respondent that an extension of the DIR Acceptance Review Period is needed. Successful Respondent and DIR shall work together to establish a revised Acceptance Review Period.

(f) Neither DIR's nor any DCS Customer's use in a live production environment shall constitute Acceptance, affect any rights and remedies that may be available to DIR or a DCS Customer, and/or constitute or result in "acceptance" under general contract Laws, the State's Uniform Commercial Code or any other Laws.

10.7   Noncompliance

(a) If DIR delivers to the Successful Respondent a written notice of non-compliance, the Successful Respondent shall correct all deficiencies identified in DIR's notice and within five (5) Business Days for Deliverables, or such other time as mutually agreed to, at no additional charge to DIR. Beginning upon receipt of notice from Successful Respondent that the Deliverable resubmission is ready to be Accepted, an Acceptance Review Period of ten (10) Business Days shall begin again and the Parties shall perform their obligations as described above in Acceptance Review Period.

(b) For deliverables that are Time-Critical as designated in **Attachment 1.1 Deliverables,** within two (2) Business Days or as otherwise mutually agreed, after receiving such notice from DIR, and at no charge to DIR, Successful Respondent shall correct such Noncompliance, satisfy the Acceptance Criteria as outlined in the Noncompliance notification. Beginning upon receipt of notice from Successful Respondent that a Deliverable resubmission is ready to be Accepted, an Acceptance Review Period of two (2) Business Days or as otherwise mutually agreed, shall begin and the Parties shall perform their obligations under Section 10.6 Acceptance Review Period above.

10.8   Failure to Cure a Noncompliance

(a)   If Successful Respondent: (1) requires more than two (2) attempts to cure a particular Noncompliance (3) does not correct a Noncompliance within the timeframes defined in the Section 10.6 Acceptance Review Period; or (3) cures a particular Noncompliance and such cure results in another Noncompliance and Successful Respondent is not able to collectively cure such Noncompliance(s) within one (1) attempt in five (5) Business Days, then DIR may, in its sole discretion, apply any remedies including, but not limited to Deliverable Credits.

(b)   After pursuing the cure process stated above, upon written notification to Successful Respondent, DIR in its sole discretion may choose to forgo assessing any remedies, including but not limited to Deliverables Credits and may choose to:

   (i)   conditionally Accept the Deliverable and require Successful Respondent to develop a remediation plan, subject to DIR's acceptance and within time frames reasonably requested by DIR whereby Successful Respondent shall design and implement a workaround solution that mitigates the Noncompliance.

   (ii)   correct the Noncompliance itself or hire a third party to correct the Noncompliance at Successful Respondent's expense (all such out-of-pocket expenses and costs of DIR and/or the DCS Customer to be subject to set-off as set forth in **Exhibit 2 Pricing** requirements related to Set Off).

   (iii)   implement and use the Deliverable despite the Noncompliance and equitably reduce the Charges; and/or

   (iv)   exercise any of its other rights under this Agreement or available at law or in equity, including the right to reject any Deliverable.

(c)   The remedies above are in addition to and shall not limit DIR's other remedies, whether at Law, in equity, or under this Agreement.

10.9   Remediation of Defects in Previously Accepted Items

(a)   In the event of a discovery of a latent defect in a previously Accepted Deliverable or other Deliverable, where such latent defect would have qualified as a Noncompliance at the time of Acceptance, upon discovery, the Successful Respondent will, at no additional charge, repair or replace or otherwise correct the Noncompliance to the level of performance specified in the Agreement.

(b)   Further, should any modification or rework of a previously Accepted Deliverable or other Deliverable be required for Acceptance of a subsequent deliverable, then Successful Respondent shall perform such modification or rework at no charge and each Party's obligations, rights, and remedies described herein shall continue to apply.

10.10   Deliverables Credits

Successful Respondent recognizes that DIR is paying Successful Respondent to provide certain Critical Deliverables by the time and in the manner agreed by the Parties. If Successful Respondent fails to meet its obligations with respect to such Critical Deliverables, then, in addition to other remedies available to DIR, Successful Respondent shall pay or credit to DIR the amounts specified in Article 6 Performance Model – Service Level Agreements as applicable, or established by DIR as part of the Project approval process on a case by case basis in recognition of the diminished value of the Services resulting from Successful Respondent's failure to

meet the agreed upon level of performance, and not as a penalty (the "**Deliverable Credits**"). If DIR recovers monetary damages from Successful Respondent as a result of Successful Respondent's failure to meet its obligations with respect to one (1) or more Critical Deliverables, Successful Respondent shall be entitled to set-off against such damages any Deliverable Credits paid for the failures giving rise to such recovery. Deliverable Credits are distinct from Service Level Credits and shall not be counted toward or subject to the overall cap on Successful Respondent's liability.

11 Contract Conclusion Requirements: Transition to Successor at Contract Termination

11.1 Overview

(a) Successful Respondent will provide to DIR the Termination Assistance Services set forth herein in connection with the termination or expiration of the Agreement.

(b) To the extent the Termination Assistance Services include any tasks which Successful Respondent is not otherwise obligated to perform under the Agreement, the charges will be based on then-current rates for Services as proposed by Successful Respondent in this Exhibit or prevailing rates at the time of termination, whichever is lower.

(c) "Termination Assistance Services" will mean:

> (i) to the extent requested by DIR, the continued performance by Successful Respondent of its obligations under the Agreement (including providing the Services which are subject to termination or expiration), and
>
> (ii) the provisioning of such assistance, cooperation and information as is necessary to help enable a smooth transition of the applicable Services to DIR or its designated third-party provider ("Successor").

(d) As part of Termination Assistance Services, the Successful Respondent will provide such information as DIR may request relating to the number and function of each of the Successful Respondent personnel performing the Services, and Successful Respondent will make such information available to the Successor designated by DIR.

(e) The Successful Respondent will cooperate with DIR in its attempts at transferring the services responsibilities to another provider in a manner in keeping with not adversely affect the provision of ongoing services.

11.2 Termination Assistance Services

11.2.1 General

Upon DIR's request, Successful Respondent shall provide Termination Assistance Services directly to DIR, any DCS Customer, any successors or assignees of such Entities and any of their designee(s).

11.2.1.1 Period of Provision

Successful Respondent shall provide Termination Assistance Services commencing on the date a determination is made by DIR that there shall be an Assistance Event, which date may be up to twenty-four (24) months prior to effective date of such Assistance Event or on such earlier date as DIR may request, and continuing for up to six (6) months after the effective date of such Assistance Event, as designated by DIR, subject to such further extensions as permitted in **MSA, Section 4.2 Use of Third Parties**.

11.2.1.2 Notice of an Assistance Event

DIR will provide Successful Respondent with written notice of an Assistance Event. Such notice will include a description of the Services that are to be terminated or discontinued, the affected DCS Customers, and the anticipated effective date of the Assistance Event. DIR may modify or update any of the information provided in the initial notice of an Assistance Event from time to time by a supplemental notice from DIR to Successful Respondent.

11.2.1.3 Extension of Termination Assistance Services

DIR may elect to end the period for performance of Termination Assistance Services (in whole or in part), in its sole discretion, and restart the period for performance of Termination Assistance Services provided that the total of all such delays shall not result in Termination Assistance Services being performed for no more than a total of thirty (30) without Successful Respondent's consent.

11.2.1.4 Firm Commitment

Successful Respondent shall provide Termination Assistance Services regardless of the reason for the Assistance Event (including a termination for cause by Successful Respondent).

11.2.1.5 Performance

Successful Respondent shall provide all Termination Assistance Services subject to and in accordance with the terms and conditions of this Agreement. Successful Respondent shall perform Termination Assistance Services with at least the same degree of accuracy, quality, completeness, timeliness, responsiveness and resource efficiency as it is or was required to provide the same or similar Services in accordance with this Agreement. The quality and level of performance of Termination Assistance Services provided by Successful Respondent shall continue to meet or exceed the Service Levels and shall not be degraded or deficient in any respect. Service Level Credits shall be assessed for any failure to meet Service Levels during any period in which Termination Assistance Services are provided. If any period for performing any Termination Assistance Services extends beyond the expiration or the effective date of any termination of this Agreement, the provisions of this Agreement shall remain in full effect for the duration of such period.

11.2.2 Scope

As part of the Termination Assistance Services, Successful Respondent shall timely transfer the control and responsibility for Services previously performed by or for Successful Respondent to DIR, the DCS Customers and/or their designee(s), and upon DIR request, shall execute any documents reasonably necessary to effect such transfers. Successful Respondent shall also provide any and all information and assistance requested by DIR required for:

(i)   the Systems and processes associated with the Services to operate and be maintained and enhanced efficiently.

(ii) the Services to continue without interruption or adverse effect.

(iii) the orderly transfer of the Services (or replacement or supplemental services) to DIR, the DCS Customers and/or their designee(s).

11.2.3 General Support

(a) Prior to the Termination Assistance event, Successful Respondent shall:

(i)   assist DIR, the DCS Customers and/or their designee(s) in developing a written plan for the migration of the Services to DIR, the DCS Customers and/or their designee(s), which plan shall include (as requested by DIR) capacity planning, process planning, facilities planning, human resources planning, technology planning, telecommunications planning and other planning necessary to effect the transition,

(ii)   perform programming and consulting services as requested to assist solely in implementing the transition plan,

(iii)   train personnel designated by DIR, the DCS Customers and/or their designee(s) in the use of any processes or associated Equipment, Materials, Systems or tools used in connection with the provision of the Services as needed for such personnel to assume responsibility for performance of the Services,

(iv)   provide a catalog of all processes, Materials, DIR Data, Equipment, Third Party Contracts, automation scripts, and tools used to provide the Services,

(v)   provide machine readable and printed listings and associated documentation for source code for Software owned by DIR or any DCS Customer and source code to which DIR and/or the DCS Customers are entitled under this Agreement and assist in its re-configuration,

(vi)   provide technical documentation for Software used by Successful Respondent to provide the Services as needed for continuing performance of the Services,

(vii) analyze and report on the space required for the DIR Data and the Software needed to provide the Services,

(viii) assist in the execution of data migration and testing process until the successful completion of the transition to DIR, the DCS Customers and/or their designee(s),

(ix)   create and provide copies of the DIR Data in the format and on the media requested by DIR, the DCS Customers and/or their designee(s),

(x)   provide a complete and up-to-date, electronic copy of the Service Management Manual (SMM) in the format and on the media requested by DIR, the DCS Customers and/or their designee(s), and

(xi)   provide other technical and process assistance, documentation and information as requested by DIR, the DCS Customers and/or their designee(s).

(b) After the Assistance Event and during the Termination Assistance Period, Successful Respondent shall answer any questions that may arise concerning the Services previously performed by the Successful Respondent. DIR may request Successful Respondent to provide certain discontinued Services after the Assistance Event; however, such Termination Assistance Services may include a charge as described in Section 11.2.11 Rates and Charges.

11.2.4 Right to Acquire

DIR, the DCS Customers and/or their designee(s) shall have the right (but not the obligation) to purchase any or all Software as a Service (SaaS) type systems and on-premise software licenses that are owned by Successful Respondent and implicated by the relevant Assistance Event subject to the requirements set forth in **MSA, Sections 4.12.1 and 4.16.3**.

11.2.5 Personnel

11.2.5.1 List of Successful Respondent Personnel

Successful Respondent shall promptly provide to DIR a list, organized by location, of the Successful Respondent Personnel assigned to the performance of the Services that are implicated by each Assistance Event. Such list

shall, subject to applicable Privacy Laws, specify each such Successful Respondent Personnel's name, job title, compensation package, leave status, years of service and job responsibilities. DIR agrees not to disseminate the Personally Identifiable Information contained in such list without Successful Respondent's consent. Successful Respondent shall not terminate, reassign or otherwise remove from the performance of the Services any such dedicated Successful Respondent Personnel until after the end of the applicable Termination Assistance Services period.

11.2.5.2 Right to Hire

(a) DIR, the DCS Customers and/or their designee(s) shall be permitted, without interference (including through counter-offers) from Successful Respondent (subject to this Section), to meet with, solicit and hire, effective after the later of:

  (i) the date of DIR's notice of an Assistance Event, and

  (ii) the completion of the Termination Assistance Services requiring such Successful Respondent Personnel, any Successful Respondent Personnel substantially dedicated to the performance of the Services during the twelve (12) month period prior to the date of DIR's notice of an Assistance Event who are implicated by that Assistance Event.

(b) Successful Respondent hereby waives its rights, if any, under contracts with such Successful Respondent Personnel restricting the ability of such Successful Respondent Personnel to be recruited or hired by DIR, the DCS Customers and/or their designee(s) (including waiving any right to restrict such personnel via non-compete agreements or other contractual means). Successful Respondent shall provide DIR, the DCS Customers and/or their designee(s) with reasonable assistance in their efforts to meet with, solicit and hire such Successful Respondent Personnel, and will give DIR, the DCS Customers and/or their designee(s) reasonable access to such Successful Respondent Personnel for interviews, evaluations and recruitment. DIR will endeavor and will cause the DCS Customers and their designee(s) to endeavor, to conduct the above-described activities in a manner that is not unnecessarily disruptive of Successful Respondent's performance of its obligations under this Agreement.

11.2.5.3 Subcontractor Employees

(a) With respect to Subcontractors, Successful Respondent shall:

  (i) obtain for DIR, the DCS Customers and their designee(s) the rights specified in Section 11.2.4 Right to Hire, and

  (ii) ensure that such rights are not subject to subsequent Subcontractor approval or the payment of any fees, charges or other amounts.

(b) If Successful Respondent is unable to obtain any such rights with respect to a Subcontractor, it shall notify DIR in advance and Successful Respondent shall not subcontract any Services to such Subcontractor without DIR's prior written approval (and absent such approval, Successful Respondent's use of any such Subcontractor shall obligate Successful Respondent to obtain or arrange, at no additional cost to DIR, the rights specified Section 11.2.4 Right to Hire, for DIR, the DCS Customers and their designee(s)).

11.2.6 Materials

DIR shall have the rights and licenses set forth in Section 11.2.8 DIR Facilities, Equipment, and Materials and Section 11.2.7.2 Right to Acquire in respect of Successful Respondent Owned Materials and Third Party Materials.

11.2.7   Equipment

11.2.7.1   List of Equipment

Successful Respondent shall promptly provide to DIR a list, organized by location, of the Equipment that is implicated by each Assistance Event. Such list shall specify information requested by DIR, including all fields tracked by Successful Respondent in any asset management system used by Successful Respondent for tracking and managing Equipment, such Equipment's function, manufacturer, model number, age, and other pertinent information.

11.2.7.2   Right to Acquire

DIR, the DCS Customers and/or their designee(s) shall have the right (but not the obligation) to purchase or (subject to Section 11.2.8 DIR Facilities, Equipment, and Materials) assume the lease for any or all Equipment that is owned or leased by Successful Respondent and that is implicated by the relevant Assistance Event. Subject to Section 11.2.8 DIR Facilities, Equipment, and Materials, such Equipment shall be transferred in good working condition, reasonable wear and tear excepted, as of the later of the effective date of the relevant Assistance Event and the completion of the Termination Assistance Services requiring such Equipment. Successful Respondent shall maintain such Equipment through the date of transfer so as to be eligible for the applicable manufacturer's maintenance program. In the case of Successful Respondent-owned Equipment (including Equipment owned by Successful Respondent Affiliates and Subcontractors and further including any such Equipment leased to Successful Respondent), Successful Respondent (or such Affiliate or Subcontractor) shall grant to DIR, the DCS Customers, and/or their designee(s) a warranty of title and a warranty that such Equipment is free and clear of all liens, security interests, and other encumbrances. Such conveyance by Successful Respondent (or Affiliate or Subcontractor) to DIR, the DCS Customers, and/or their designee(s) shall be at fair market value (as shall be determined by an agreed-upon appraisal); provided, however, in the case of any item of Equipment for which the acquisition cost has been the basis of Charges to DIR (e.g., as in the case of the Hardware Service Charge provided in Exhibit 2 Pricing), such conveyance shall be at an amount not exceeding the amount of any then unrecovered acquisition cost computed in accordance with the method used to charge DIR therefor. At DIR's request, the Parties shall negotiate in good faith and agree upon the form and structure of the purchase. In the case of leased Equipment, Successful Respondent shall:

(i)   represent and warrant that the lease is not in default,

(ii) represent and warrant that all payments thereunder have been made through the date of transfer, and

(iii) notify DIR, the DCS Customers, and/or their designee(s) of any lessor defaults of which it is aware at the time.

11.2.8   DIR Facilities, Equipment, and Materials

Successful Respondent shall vacate the DIR Facilities and return to DIR, if not previously returned, any resources that are implicated by the relevant Assistance Event and that are owned, leased or licensed by DIR, any DCS Customer, or any DIR Contractor, including DIR owned or leased Equipment, DIR Owned Materials and DIR licensed Materials, in condition at least as good as the condition of such facilities and resources when they were made available to Successful Respondent, ordinary wear and tear excepted. Such facilities and resources shall be vacated and/or returned as of the later of the effective date of the relevant Assistance Event and the completion of the Termination Assistance Services requiring such facilities or resources.

11.2.9   Third Party Contracts

(a) Successful Respondent shall promptly, but no less than thirty (30) days from DIR's issuance of notice of an Assistance Event, provide to DIR a list of the Third Party Contracts that are implicated by the relevant Assistance Event. At any time during the contract term, DIR may request and Successful Respondent shall provide a copy of the entire and complete Third Party Contract(s) in accordance with **MSA, Section 4.16.3**, regardless of whether Successful Respondent's other customers utilize or benefit from such Third Party Contract(s), allowing DIR to disclose such contracts during future procurements. Except for the Third Party Contracts specified in **Exhibit 2 Pricing**, in accordance with **MSA, Section 4.16.3** subject to Section 11.2.8 DIR Facilities, Equipment, and Materials, Successful Respondent shall, at DIR's request, cause the counter-parties to such Third Party Contracts to permit DIR, the DCS Customers, and/or their designee(s) to assume prospectively any or all such Third Party Contracts or to enter into new contracts with DIR, the DCS Customers, and/or their designees on substantially the same terms and conditions, including price. Successful Respondent shall transfer or assign those Third Party Contracts that DIR elects to assume prospectively to DIR, the DCS Customers, and/or their designee(s) as of the later of the effective date of the relevant Assistance Event and the completion of the Termination Assistance Services requiring such Third Party Contracts. Such transfers or assignments shall be on terms and conditions acceptable to all applicable parties, provided that:

   (i)   there shall be no fee, charge or other amount imposed on DIR, the DCS Customers, and/or their designee(s) by Successful Respondent or the counter-parties to such Third Party Contracts for such transfer or assignment, and

   (ii)   Successful Respondent shall:

   A. promptly cure and, in accordance with **MSA, Section 10.1.3 Licenses, Leases, and Contracts**, indemnify DIR against any default under such Third Party Contracts relating to the period prior to such transfer or assignment;

   B. represent and warrant that all payments thereunder through the date of transfer or assignment are current; and

   C. notify DIR, the DCS Customers, and/or their designee(s) of any counter-party's default with respect to such Third Party Contracts of which it is aware at the time of such transfer or assignment.

11.2.10 Other Subcontracts and Third-Party Contracts

With respect to Third Party Contracts implicated by the relevant Assistance Event that are not otherwise transferred or assigned to DIR, the DCS Customers, and/or their designee(s) pursuant to **MSA, Section 4.2.2 Successful Respondent Cooperation**, Successful Respondent shall make available to DIR, the DCS Customers, and/or their designee(s), pursuant to reasonable terms and conditions, any Third Party services then being utilized by Successful Respondent in the performance of the Services. Successful Respondent shall retain the right to utilize any such Third Party services in connection with the performance of services for other Successful Respondent customers. DIR and the DCS Customers shall retain the right to contract directly with any third party previously utilized by Successful Respondent to perform any Services.

11.2.11 Rates and Charges

(a) Except as provided in this Subsection and **MSA, Section 4.2.2 Successful Respondent Cooperation**, Successful Respondent shall provide all Termination Assistance Services at no additional charge. The Parties anticipate that Termination Assistance Services requested by DIR shall be provided by Successful

Respondent using Successful Respondent Personnel already assigned to the performance of the Services and without adversely affecting Successful Respondent's ability to meet its performance obligations. To the extent DIR requests that Successful Respondent perform only a portion (but not all) of the Services included in a particular Charge, the amount to be paid by DIR shall be equitably adjusted downward in accordance with **Exhibit 2 Financial Provisions and Pricing**, to the extent applicable, or equitably adjusted downward in proportion to the portion of the Services that Successful Respondent shall not be providing to the extent that **Exhibit 2 Pricing** does not provide for such reduction. If and to the extent Termination Assistance Services requested by DIR cannot be provided by Successful Respondent using Successful Respondent Personnel then-assigned to the performance of the Services without adversely affecting Successful Respondent's ability to meet its performance obligations, DIR, in its sole discretion, may:

(i) forego or delay any work activities or temporarily or permanently adjust the work to be performed by Successful Respondent, the schedules associated therewith or the Service Levels to permit the performance of such Termination Assistance Services using such personnel, or

(ii) authorize Successful Respondent to use additional Successful Respondent Personnel to perform Termination Assistance Services.

(b) To the extent DIR authorizes Successful Respondent to use additional Successful Respondent Personnel to perform Termination Assistance Services requested by DIR, DIR shall pay Successful Respondent the applicable rates and charges specified in **Exhibit 2 Financial Provisions and Pricing** for such Full-time Positions (FTPs) or Full-time Equivalents (FTEs) or, if no such rates and fees are specified in **Exhibit 2 Financial Provisions and Pricing**, a negotiated fee for the additional Successful Respondent Personnel required to perform such Termination Assistance Services (determined on the basis of pricing no less favorable to DIR than the pricing and labor rates set forth herein for comparable Services), provided that Successful Respondent notifies DIR in advance of any such charges, obtains DIR's approval prior to incurring such charges, and uses commercially reasonable efforts to minimize such charges. Notwithstanding the foregoing, DIR will not be obligated to pay Successful Respondent for any such additional Successful Respondent Personnel if at any time prior to DIR's issuance of the notice of Assistance Event, Successful Respondent failed to sufficiently staff the Services that are the subject of the Assistance Event (both with respect to number of personnel and personnel with the necessary skills and training).

11.2.12 Proprietary Communications Network

If Successful Respondent uses a proprietary communications network to provide the Services, then for a period of up to two (2) years following the effective date of the relevant Assistance Event, Successful Respondent shall, if requested by DIR, continue to provide such proprietary communications network and other network Services to DIR, the DCS Customers, and/or their designee at the rates, and subject to the terms and conditions, set forth in this Agreement.

11.2.13 Information

Upon the occurrence of any breach by Successful Respondent under this Agreement or if DIR elects to evaluate re-procurement of all or any portion of the Services, Successful Respondent will provide to and/or make available for DIR review any and all reports, data and information that DIR deems necessary in order to evaluate all options related to such breach and/or re-procurement, including without limitation, all reports, data and information specified in **MSA, Section 4.2.1 Right of Use**. For the avoidance of doubt, Successful Respondent will

be obligated to provide all such reports, data and information regardless of whether DIR has provided notice of or otherwise declared an Assistance Event upon request.

11.3 Successful Respondent Sourced and Managed Contracts

(a) The Successful Respondent shall ensure that all Successful Respondent-sourced contracts inclusive of general building maintenance and repairs, telecommunications, environmental testing, facility mechanical maintenance (e.g., UPS and diesel/fuel power generation) that do not support DCS Customer operations are terminated (save for those contracts that DIR assumes or those that DIR requires the Successful Respondent assign or transfer to DIR or its designee), and that DIR is not obligated to any ongoing financial, contractual or other obligations associated with these contracts or any Successful Respondent or third-party services, equipment or maintenance that support these contracts.

(b) The Successful Respondent shall transfer the terminated or expired Services to DIR or its designee(s)/successor(s) in an efficient and orderly manner.

(c) Prior to such actions being taken, the Successful Respondent shall verify with DIR that the impact on DIR's business (including its personnel and customers) and the internal and third-party IT-related costs incurred by DIR in transferring the terminated services are acceptable to DIR under the circumstances.

(d) The Successful Respondent shall continue to perform such services without disruption or deterioration until the transfer has occurred:

　　(i)　consistent with the terms and conditions of this Agreement, or
　　(ii)　except as approved by DIR.

(e) In an effort to facilitate transition of responsibilities, the Key Management Position obligations in the Section 5.8 **Error! Reference source not found.** will continue to apply during the agreed Termination Assistance Period.

11.4 Termination Assistance Plan

The contents of Termination Assistance Plan will include, unless otherwise agreed, the services, functions, and activities as defined below:

　　(i)　Documentation of existing and planned Projects and support activities.
　　(ii)　Identification of the Services and related positions or functions that require transition and a schedule, plan and procedures for DIR or its designee assuming or reassuming responsibility.
　　(iii)　Description of actions to be taken by the Successful Respondent in performing termination assistance.
　　(iv)　Description of how the transfer of:
　　　　A.　relevant information regarding the Services,
　　　　B.　resources (if any),
　　　　C.　operations, and
　　　　D.　contracts (if any) will be achieved.
　　(v)　Description in detail of any dependencies on the successors necessary for the Successful Respondent to perform the termination assistance services (including an estimate of the specific Successful Respondent staffing required).
　　(vi)　Inventory of documentation and work products required to facilitate the transition of responsibilities.

(vii) Assist DIR in the identification of significant potential risk factors relating to the transition and in designing plans and contingencies to help mitigate the risk.

(viii) Set out the timeline for the transfer of each component of the terminated Services (including key milestones to track the progress of the transfer).

(ix) Define a schedule and plan for the Successful Respondent's return to DIR of:

   A. the Service locations then occupied by the Successful Respondent (if any), and

   B. DIR or DCS Customer Confidential Information, DIR or DCS Customer data, documents, records, files, tapes and disks in the Successful Respondent's possession.

11.5   Termination Management Team

(a) The Successful Respondent will provide a senior Project manager who will be responsible for the Successful Respondent's overall performance of the termination assistance services and who will be the primary point of contact for DIR in respect of the termination assistance services during the termination assistance period.

(b) DIR will appoint a senior Project manager who will be the primary point of contact for the Successful Respondent during the termination assistance period. Additionally, DIR may appoint a transformation team that would be responsible for the review of then current services provided by the Successful Respondent and work to facilitate an orderly transition of services.

11.6   Operational Transfer

(a) The Successful Respondent will perform the following activities to help effect a smooth and orderly transfer of operational responsibility for the terminated services:

   (i) Facilitating access to DIR source code, object code, object and production libraries, reference files, field descriptions, record layouts and technical specifications along with run documentation for DIR software then in the Successful Respondent's possession including: tools, scripts, run books, production schedules and procedures as required to support the in-scope applications which may be used in training, knowledge transfer, sizing assessments, operational reviews and other uses required by DIR at the time of transfer.

   (ii) Cooperate with the Successors in conducting migration testing.

   (iii) Providing DIR-owned documents and information related to the functionality, program code, data model and data base structure, and access methods for the in-scope applications and manual and automated processes used for DIR, within the possession or control of the Successful Respondent, and reviewing such processes, documents and information with the Successor as requested.

   (iv) Cooperate with DIR's test plans, back out procedures, and contingency plans as part of the migration of terminated services.

(b) After the transfer of the provision of terminated services to DIR, its designee(s), or both, providing additional assistance as requested by DIR to facilitate continuity of operations, through the end of the termination assistance period.

12   Other Requirements

12.1   Support Requirements

(a) The Respondent must describe the support it wants from DIR other than what DIR has offered in this Exhibit. Specifically, the Respondent must address the following:

(i)   Nature and extent of DIR support required in terms of staff roles, percentage of time available, etc.

(ii)   Assistance from DIR staff and the experience and qualification levels required.

(iii)   Other support requirements.

(a) DIR may not be able or willing to provide the additional support the Respondent lists in this part of its Proposal. The Respondent therefore must indicate whether its request for additional support is a requirement for its performance. If any part of the list is a requirement, DIR may reject the Respondent's Proposal, if DIR is unable or unwilling to meet the requirements.

12.2   Materials

Successful Respondent shall not utilize any Successful Respondent Owned Materials that are not commercially available.

<End of Statement of Work>